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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - JANUARY 10, 1984 - 4:00 P.M.

A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. — Katz, Robert A.
   Gaggero, Joseph A. — Paretchan, Harry
   Hobel, Victoria — Renne, Louise H.
   Johnson, F. Walter
4. Minutes of Regular Meeting of December 13, 1983, submitted for approval.
5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson
6. Appeals Committee - Joseph A. Gaggero, Chairman
7. Old Business
8. New Business -
   a. Hospital Room Rate Survey - Quarterly Report
   b. Certification of Average Contribution for 1984-85 fiscal year.
9. Executive Director's Report
10. Announcements -
11. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JANUARY 10, 1984 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT:	Bernstein, Abraham, M.D.	Johnson, F. Walter
	Gaggero, Joseph A.	Paretchan, Harry
EXCUSED:	Hobel, Victoria	
	Katz, Robert A.	
	Renne, Louise H.	

4. Minutes of regular meeting of December 13, 1983, submitted for approval. Motion was made by Commissioner Gaggero and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of December 13, 1983, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson, reported that December showed a 117% loss ratio overall with expenditures of over $1.8 million. Basic benefits showed a 92% ratio for the month and 86% overall; Major Medical benefits reflected a 153% loss ratio, one of the highest we have had, and 121% cumulative. He indicated that the figures continue to indicate a lag between the time of benefit change and the time you incur the results of that change. The Basic benefit being targeted at 100% yet reflecting only 86%; whereas the major medical benefits reflect 121% which is far in excess of projections. These ratios should correct themselves as the fiscal year grows older. The prescription drug benefit was at 85% for the month and 98% cumulative, the vision program at 94% for the month and 105% cumulative with the overall program at 117% for the month and 103% for the year to date. (Exhibit 'A')

Mr. Rael also mentioned that the reserve for incurred but unpaid claims for the 1982-83 fiscal year has been projected at approximately $3.6 million versus the auditor's projection of $3.75 million, which means the contingency reserve is greater than shown by the auditors.

Mr. Smith added that the 103% loss ratio overall is under projections by 1% or about $93,000 (Exxibit 'B'). Program expenditures are up by 5½% this year while

5. ACTUARIAL REPORT - (cont'd.)

contributions are up about 14%. The significant benefit reductions for 1983-84, moderating medical inflation, and to some extent utilization review have resulted in the desired effect of equating expenditures to contributions. The System is in a much improved position as of this December versus December, 1982.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported the following recommendation of the Appeals Committee:

a. Georgia Jackson - reinstatement to retired employee status from adult dependent status.

Commissioner Gaggero made a motion to adopt the recommendation of the Appeals Committee. Seconded by Commissioner Johnson. The motion passed unanimously.

7. OLD BUSINESS - NONE

8. NEW BUSINESS -

a. Hospital Room Rate Survey - Quarterly Report -

Mr. Smith submitted the quarterly report on hospital room rates and the recommendation based on that report (Exhibit 'C'). Seven (7) hospitals in the Bay Area have raised their rates since the last survey. The average in San Francisco for a semi-private room is $371 per day. The 1983 yearly increase was about 10% which again shows some moderation as compared to the 18½% rate for 1979-1981 and the 12% rate for the 1982-1983 fiscal year. After discussion, Commissioner Paretchan made a motion to increase the major medical maximum covered from $340 to $360 per day effective January 1, 1984. Motion seconded by Commissioner Gaggero. The motion was passed uninamously.

b. Certification of Average Contribution for 1984-85 fiscal year -

Mr. Smith submitted a proposed resolution and results of the survey of the ten most populous counties (Exhibit 'D-1' & 'D-2') for certification to the Board of Supervisors reflecting that $76.33 per month is the average contribution made for each employee by those counties toward the provision of health coverage exclusive of optical or dental coverage. The exhibit also reflects that all ten counties provide an employer sponsored dental plan as well as some employer sponsored dependent coverage.

Commissioner Johnson made a motion to adopt the resolution certifying to the Board of Supervisors the rate of $76.33 per month as the contribution rate of the City and County, School District and Community College District for 1984-85 fiscal year. The motion was seconded by Commissioner Paretchan. The motion was adopted unanimously.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The Certificate of Deposit Report (Exhibit 'E') reflects no maturing CD's in December, however, quarterly interest was received bringing the total to $242,055 year to date.

   b. 1,836 claims outstanding as of January 6th. This 3-day backlog caused by the holidays will be reduced shortly.

   c. The contract health plans have submitted their 1984-85 rates with increases of 9% to 24%. The specifics of each plan's rates will be available at the first Rates and Benefits Committee meeting.

   d. A Statement of Changes in Net Assets as of December 31, 1983, prepared by Health Service staff should be ready by the Annual meeting date as well as the quarterly third party liability report requested by Commissioner Johnson.

10. ANNOUNCEMENTS -

    President Bernstein announced that the Rates and Benefits Committee will meet Friday, January 13, 1984, at 9:30 AM and the Annual Meeting will be held Thursday, January 19, 1984 at 6:00 PM in the Board meeting room.

11. ADJOURNMENT -

    There being no further business before the Board, the meeting was adjourned by President Bernstein at 4:30 P.M.

Respectfully submitted:

Randall B Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE JANUARY 10, 1984
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1983 through December 1983

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) Basic Benefits				
Active Employees	$ 1,811,326	$ 1,630,653	112%	90%
Retired & Resigned	819,361	750,441	93	92
Adult Dependents	1,071,993	878,494	78	82
Minor Dependents	591,108	441,140	54	75
TOTAL	$ 4,293,788	$ 3,700,728	92%	86%
(2) Major Medical				
Active Employees	$ 1,348,616	$ 1,731,011	222%	128%
Retired & Resigned	1,370,603	1,573,606	107	115
Adult Dependents	1,203,679	1,233,792	110	103
Minor Dependents	136,541	362,936	365	266
TOTAL	$ 4,059,439	$ 4,901,345	153%	121%
(3) Prescriptions Drug Benefit	$ 966,677	$ 947,173	85%	98%
(4) Vision Care	$ 373,147	$ 392,958	94%	105%
(5) Total All Coverages	$ 9,693,051	$ 9,942,204	117%	103%

RAEL & LETSON

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OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - FEBRUARY 14, 1984 - 4:00 P.M.

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A G E N D A

1. Call to Order

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Katz, Robert A.
Gaggero, Joseph A. Paretchan, Harry
Hobel, Victoria Renne, Louise H.
Johnson, F. Walter

4. Minutes of Regular Meeting of January 10, 1984, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - J. Gaggero, Chairman

7. Budget Committee - R. Katz, Chairman
   a. Recommendations on 1984-85 Administrative Budget

8. Rates Committee - H. Paretchan, Chairman
   a. Recommendations on plans, rates and benefit changes for 1984-85 fiscal year.

9. Old Business -

10. New Business -

11. Executive Director's Report

12. Announcements -

13. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

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OF THE CITY AND COUNTY OF SAN FRANCISCO
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1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

Minutes

TUESDAY - FEBRUARY 14, 1984 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT:	Bernstein, Abraham, M.D.	Johnson, F. Walter
	Gaggero, Joseph A.	Paretchan, Harry
EXCUSED:	Hobel, Victoria	
	Katz, Robert A.	
	Renne, Louise H.	

4. Minutes of regular meeting of January 10, 1984, submitted for approval. Motion was made by Commissioner Paretchan and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of January 10, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Chuck Grunsky, Rael & Letson, reported that the experience for January was 104% overall with the Basic Benefit at 91% for the month and 87% overall; Major Medical at 116% for the month, 112% overall, prescription drug at 117%, 101% overall and the vision benefit at 90% for the month and 103% overall. The overall program was still at 103% for the year and 99% after factoring in the rate subsidy (Exhibit "A"). Mr. Smith added that the Board again has the reports (Exhibit "B" and "C") showing the subsidy impact and the three year comparison. The six month experience used by Mr. Rael to project the 1984-85 rates are very valid since the experience for January maintained the loss ratio at 103% overall.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that there were no appeals.

7. BUDGET COMMITTEE -

a. 1984-85 Budget

Mr. Smith in the absence of Commissioner Katz, reported that the proposed 1984-85 budget (Exhibit "D-1"-"D-4") asks for a 13% increase from $1.4 million to $1.6 million.

The budget highlights as presented in the exhibit include the addition of two (2) positions, a Membership Representative and a Claims Processor; funds to implement cost containment programs tentatively agreed to with SEIU and funds for the as needed services of the City Attorney's office. After a brief discussion, Commissioner Johnson made a motion to approve and submit the budget presented. The motion was seconded by Commissioner Paretchan. The motion was adopted unanimously.

8. RATES AND BENEFITS COMMITTEE -

a. Recommendations on plans, rates and benefit changes for 1984-85 fiscal year.

Commissioner Paretchan reported that the Committee has met three times on January 13, January 24 and February 3, 1984. The Committee's recommendations on the rates of contribution and benefit changes to be implemented for the 1984-85 fiscal year are shown on Exhibits "E-1" to "E-20". Commissioner Paretchan pointed out that the Committee is recommending using 1984-85 projected interest earnings to subsidize the family rate by $15, the surviving spouse-no medicare by $15 and the surviving spouse-medicare by $5 per month.

The proposed rates for all plans will generate $55.3 million in revenues based on current membership. The employer's contribution is estimated at $33.0 million including $508,000 in contributions to support the dependents of nurses pursuant to Charter Section 8.403. Employees will contribute approximately $22.3 million.

The rates for the City Health Plan as proposed for 1984-85 will generate approximately $22.2 million in revenues based on current membership. The revenues for the health plan will increase approximately 13.8% over 1983-84 with the subsidies as proposed.

The proposed subsidy of $476,700 will result in projected expenditures of $22.7 million or an overall loss ratio of 102%. These projections do not factor in the impact of a preferred provider program to which the Board has committed for implementation no later than July 1, 1984.

After discussion and review of each benefit change including the cost savings of approximately $130,000 per year with elimination of the carry-over provision, Commissioner Johnson made a motion to eliminate the carry-over provision under the City Plan. The motion was seconded by Commissioner Gaggero. The motion was adopted unanimously.

Commissioner Paretchan made a motion to adopt the recommended plans, rates and benefit changes for 1984-85 and forward the appropriate ordinance for approval to the Board of Supervisors. The motion was seconded by Commissioner Gaggero. The motion was adopted unanimously.

9. OLD BUSINESS -

Commissioner Gaggero again raised the issue of the tax savings plan and advocated that the Health Service Board follow-up its initial letter to the Controller with another letter urging that the plan be implemented even if it would only benefit a few employees at a time because of the phase in schedule of the new payroll system.

He asked that a copy of the letter go to the employee organizations. It was the sense of the Board to do so and the Director was asked to issue the letter.

10. NEW BUSINESS - None

11. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. 1,114 claims outstanding as of Friday, February 10th, approximately two (2) days backlog.

b. A third party liability case report (Exhibit "F-1"-"F-2") for the fiscal year ending June 30, 1983 and for the period ending December 31, 1983 was issued to the board.

c. A Statement of Change in Net Assets as of December 31, 1983 prepared by internal accounting staff will be released when our accountants, Peak, Marwick, Mitchell agree with our figures.

d. The resolution adopting $76.33 as the amount of employer contribution for 1984-85 was adopted by the Board of Supervisors on January 30, 1984 and approved by the Mayor on February 2, 1984.

e. The on-line data processing system is being loaded and testing will commence shortly with a projected March 1 production date.

f. The preferred provider proposal will be brought before the Board in March for review and approval with implementation hopefully by May 1st.

g. Dr. Bernstein had announced at the Annual Meeting that Dr. S. Morton Zweig had been permanently appointed Medical Advisor to the Health Service System.

12. ANNOUNCEMENTS - None

13. ADJOURNMENT -

There being no further business before the Board, the meeting was adjourned by President Bernstein at 4:50 PM.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE FEBRUARY 14, 1984 MEETING OF THE HEALTH SERVICE BOARD

For the Period July 1983 Through January 1984

PLAN I

Experience for

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) Basic Benefits				
Active Employees	$ 2,097,177	$ 1,887,141	90%	90%
Retired & Resigned	953,265	877,817	95	92
Adult Dependents	1,240,549	1,035,246	93	83
Minor Dependents	682,690	516,528	82	76
TOTAL	$ 4,973,681	$ 4,316,732	91%	87%
(2) Major Medical				
Active Employees	$ 1,558,736	$ 1,985,159	121%	127%
Retired & Resigned	1,596,450	1,821,658	110	114
Adult Dependents	1,395,676	1,440,742	108	103
Minor Dependents	157,763	409,610	220	260
TOTAL	$ 4,708,625	$ 5,657,169	116%	120%
(3) Prescription Drug Benefits	$ 1,123,347	$ 1,130,827	117%	101%
(4) Vision Care	$ 432,910	$ 446,948	90%	103%
(5) Total All Coverages	$11,238,563	$11,551,676	104%	103%

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SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MARCH 13, 1984 - 4:00 P.M.

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A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D.; Gaggero, Joseph A.; Hobel, Victoria; Johnson, F. Walter; Katz, Robert A.; Paretchan, Harry; Renne, Louise H.
4. Minutes of Regular Meeting of February 14, 1984, submitted for approval.
5. Actuarial Report.- Mr. Juan B. Rael, Jr., Rael & Letson.
6. Appeals Committee - Joseph A. Gaggero, Chairman
7. Old Business -
   a. Tax Savings Plan
8. New Business -
   a. Utilization Review Program - Status Report
   b. Consideration of Hospital Audit Program
   c. Preferred Provider Program - Status Report
9. Executive Director's Report -
10. Announcements -
11. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

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TUESDAY - MARCH 13, 1984 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:10 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Hobel, Victoria
Katz, Robert A.
Paretchan, Harry

EXCUSED: Johnson, F. Walter
Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF FEBRUARY 14, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Gaggero and seconded by Commissioner Hobel to approve the minutes of the Regular Meeting of February 14, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson, reported that the monthly claims experience report has been expanded to show all categories. He reported that Basic Benefits reflected 79% for the month, 86% year to date; Major Medical 99% for the month, 118% year to date; the Drug benefit was at 109% for the month, 102% year to date; the vision care benefit at 81% for the month, 100% for the year; and overall performance at 90% for the month and 101% for the year to date (Exhibit 'A' attached). He stated that if this experience continues we will have a good year financially.

The Major Medical experience reflecting the subsidy (Exhibit 'B') and the three year comparison of revenues and expenditures (Exhibit 'C') were presented to Board as is customary.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that there were no appeals during the month of February, 1984.

7. OLD BUSINESS -

a. Tax Savings Plan -

Mr. Smith again raised the issue of the Tax Savings Plan and the impact of potential Congressional legislation to change Section 125 of IRS Code. The Board at February's meeting directed that a letter be sent to the Controller again asking that the Tax Savings Plan be implemented, even if only a portion of City employees would benefit initially because of the new payroll system implementation. Mr. Smith suggested that the Board wait until the intent of Congress is clear before pursuing this plan since it would require allocation of labor to implement a program of this type.

Commissioner Gaggero felt the Board should still initiate a letter to start some feasibility study on the issue since it would benefit City employees, even if only a small number at first. After further discussion, Commissioner Gaggero made a motion to write the Controller with a copy to employee organizations asking that an initial study of the issue be implemented; seconded by Commissioner Paretchan. The motion was passed unanimously.

8. NEW BUSINESS -

a. Utilization Review Program Status Report -

Mr. Smith submitted the experience with the program for the period October through December, 1983. The report reflects that there were 348 cases representing 2,191 hospital days and an average length stay of 6.30 days. The summary provided by SFPRO (Exhibit 'D') reflects tangible cost savings of $24,310 for the quarter.

b. Consideration of Hospital Audit Program -

Mr. Smith presented materials on a hospital bill audit program, which he as the Board's representative in the meet and confer process with Local 390/400, tentatively agreed would be implemented by July 1st.

He presented a program by Equifax, Inc. which would verify the accuracy of hospital bills by comparing the bill with the records of the facility. The Board favored the program intent, however, the issue was raised as to whether the fee of $30.25 per hour to a maximum of 1.5% of the amount audited was excessive.

President Bernstein stated that he would appoint a Committee of the Board to study this issue. No further action taken.

c. Preferred Provider Program - Status Report -

President Bernstein after discussion with legal counsel, directed that the proposed agreement with Select Health be deferred to the April Board meeting pending further legal review. Mr. Smith asked for a motion that a letter of intent to contract be sent to Select Health in lieu of ratification. Commissioner Paretchan made the motion, Commissioner Gaggero seconded the motion. The motion was adopted unanimously. A meeting of the Rates and Benefits Committee will be scheduled on the Preferred Provider Program issue.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The investment report for the month ending January 31 and February 29, 1984, was presented to the Board. The non-pooled investments are now at approximately $5,099,000 earning an average yield of 9.28%. The investments have been diversified to some extent by investment in a Treasury Bill for the first time. Historically, all investments have been in Certificates of Deposit (Exhibits 'E-1' and 'E-2').

      He further reported that the Controller has finally agreed to pay the Trust Fund interest on its daily cash balance. The Controller has given us our portion of pooled cash interest back to the commencement of the fiscal year, amounting to $181,342, and will credit interest monthly from this point on.

   b. There were 1,077 claims outstanding as of Friday, March 9th.

   c. The on-line computer system is now in a test mode and is expected to go live on March 26th.

   d. The text of the Charter amendment on Fringe Benefits was presented to the Board. The Board of Supervisors has placed the amendment on the June ballot by a vote of 8-2 (Supervisor Kopp, Renne).

10. ANNOUNCEMENTS - None

11. ADJOURNMENT -

    There being no further business before the Board, President Bernstein adjourned the meeting at 5:00 P.M. on motion by Commissioner Paretchan, seconded by Commissioner Hobel.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE MARCH 13, 1984 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1983 through February 1984:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) BASIC BENEFITS				
Active Employees	$ 2,389,978	$ 2,126,499	82%	89%
Retired Employees (NM)	1,099,377	986,226	74	90
Adult Dependents	1,413,542	1,176,951	82	83
Minor Dependents	776,720	583,297	71	75
TOTAL	$ 5,679,617	$ 4,872,973	79%	86%
(2) MAJOR MEDICAL				
Active Employees	$ 1,774,198	$ 2,186,801	94%	123%
Retired Employees (NM)	770,425	1,054,608	132	137
Retired Employees (M)	1,063,634	1,007,303	78	95
Adult Dependents (NM)	1,166,439	1,227,448	108	105
Adult Dependents (M)	428,570	402,311	62	94
Minor Dependents	179,552	447,178	172	249
TOTAL	$ 5,382,818	$ 6,325,649	99%	118%
(3) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 470,663	$ 482,967	119%	103%
Retired Employees (NM)	254,461	246,719	94	97
Retired Employees (M)	561,186	578,479	108	103
TOTAL	$ 1,286,310	$ 1,308,165	109%	102%

Continued....

REPORT BY ACTUARY FOR THE MARCH 13, 1984
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1983 through February 1984:

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Retired Employees (M)	561,186	578,479	108	103
TOTAL	$ 1,286,310	$ 1,308,165	109%	102%

Continued....

(4) VISION CARE COVERAGES

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 260,094	$ 284,550	100%	109%
Retired Employees (NM)	75,753	87,871	77	116
Retired Employees (M)	159,118	124,620	53	78
TOTAL	$ 494,965	$ 797,041	81%	100%

(5) ALL COVERAGES

Active Employees	$ 4,894,933	$ 5,080,817	91%	104%
Retired Employees (NM)	2,200,016	2,375,424	97	108
Retired Employees (M)	1,783,938	1,710,402	85	96
Adult Dependents (NM)	2,579,981	2,404,399	94	93
Adult Dependents (M)	428,570	402,311	62	94
Minor Dependents	956,272	1,030,475	90	108
TOTAL	$12,843,710	$13,003,828	90%	101%

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HEALTH SERVICE SYSTEM
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SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - APRIL 10, 1984 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D.; Gaggero, Joseph A.; Johnson, F. Walter; Katz, Robert A.; Krueger, George E.; Paretchan, Harry; Renne, Louise H.

4. Minutes of Regular Meeting of March 13, 1984, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Rates and Benefits Committee - Harry Paretchan, Chairman

   a. Preferred Provider Program

      1. Consideration of Contract with SELECT HEALTH (PPO) and participating hospitals and physicians.

      2. Consideration of Contract with St. Mary's Hospital and participating physicians.

      3. Consideration of Proposed Benefits under the Preferred Program.

8. Old Business -

9. New Business -

   a. Hospital Room Rate Survey - Quarterly Report

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
4/10/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - APRIL 10, 1984 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT:	Bernstein, Abraham, M.D.	Krueger, George E.
	Gaggero, Joseph A.	Paretchan, Harry
	Johnson, F. Walter	Renne, Louise H.
	Katz, Robert A.	

4. MINUTES OF REGULAR MEETING OF MARCH 13, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Gaggero and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of March 13, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson, reported that March was a high claim month as is traditional for the month. The overall loss ratio was 115% for the month which raised the year to date ratio from 101% at the end of February to 103% at the end of March. The Major Medical was again heavy at 142% for the month and 120% for the year. The Basic Benefits again did well at 95% for the month and 87% overall. The 1984-85 rates are in place and we expect the Preferred Provider Program to be in place soon which should prove to have a beneficial effect (Exhibits 'A', 'B' and 'C' attached).

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that there was one appeal during March and the Committee recommends that the following appeal be denied.

a) HSS No. 86784-01 - Beatriz Smith - to deny request for additional benefits on a surgery claim.

Seconded by Commissioner Johnson. The motion was passed unanimously.

7. RATES AND BENEFITS COMMITTEE -

Commissioner Paretchan reported that the Rates and Benefits Committee held a hearing on April 2nd to take up the Preferred Provider Program and the Committee has forwarded a number of recommendations to the Board.

Commissioner Paretchan made a motion in Resolution form to adopt the following recommendations of the Rates and Benefits Committee:

1) Approve administrative contract with Select Health for a fee $2,500 per month subject to the satisfactory resolution of the utilization review component of the program.

2) Approve the contracts and related rates and fee schedules of the Select Health hospitals and physicians (Children's, PMC, Mills, Alta Bates, John Muir, San Jose and Marin Hospitals).

3) Approve the contract and related rates and fee schedule for St. Mary's Hospital and its affiliated physicians.

4) Approve the Preferred Provider Program benefit schedule with the exception of two proposed benefit areas, namely, Periodic Health Assessments (physical exams) and family planning visits which are forwarded to the full Board without a recommendation.

The motion was seconded by Commissioner Gaggero. The motion was passed unanimously (Exhibit 'D'and 'E').

Commissioner Katz expressed the need to monitor the utilization review component of the Preferred Provider Program at least three times or every four months during the first year since it is an integral part of the program. The monitoring should be done by an independent contractor. Commissioner Katz then made a motion that this action be taken. The motion was seconded by Commissioner Paretchan. The motion was adopted unanimously.

The question of the two areas of benefits (periodic health assessments and family planning) forwarded to the Board with no recommendation were then discussed. No further action was taken at this time. The issue of covering annual Gyn examinations will be studied for possible future coverage.

8. OLD BUSINESS - None

9. NEW BUSINESS -

a. Hospital Survey

Mr. Smith presented the quarterly room rate survey (Exhibit 'F') reflecting an average rate in San Francisco of $376 per day compared to our current maximum of $360. St. Luke's and Mt. Zion have raised their rates during the last quarter. Seton again raised their semi-private rate during the last quarter to $440 per day to remain the highest charge in the Bay Area.

One of the benefits of the Preferred Provider Program is that it will insulate the System from rate increases at those hospitals with which we have agreements.

b. Pre-admission Review and Expansion of Service Area -

Mr. Smith reported that with the detail study given to the utilization review aspect of the Preferred Provider Program that it was found that additional aspects of Utilization Review were now available to us through SFPRO. One area is 100% pre-certification for elective admissions which will have no additional cost except when a hospitalization is deferred. SFPRO now also has the capability of providing utilization review services in the East Bay, Sonoma and Santa Clara Counties. Mr. Smith asked a motion to amend the SFPRO agreement effective May 1, 1984, to include the additional utilization review service and the additional service areas. Commissioner Paretchan made the motion; seconded by Commissioner Gaggero. The motion passed unanimously.

NOTE: Commissioner Renne joined the meeting during discussion of this item.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a) The Investment Report (Exhibit 'G') as of March 31, 1984, reflects the interest now credited by the Controller for our pooled cash. For the period July, 1983 - February, 1984 approximately $220,000 has been credited. In addition, dedicated or non-pooled investments have earned about $360,000 for a total year to date of approximately $580,000.

Three (3) Certificate of Deposit matured in March and were reinvested at interest rates in excess of 10% which increased our average current yield from 9.28% to 9.78%. The Certificate of Deposit which matured on April 2nd was reinvested at 11 1/2% reflecting that interest rates are on the rise again.

b) There were 773 claims outstanding as of Friday, April 6th.

c) The Board of Supervisors approved by a vote of 9-0 the health plans and rates of employee contribution for 1984-85 at Monday's Board meeting.

d) The on-line system, which was expected to be in production by March 26th for Membership and Claims, is up currently for Membership alone. Medical Claims is still in a testing mode and is expected to go into production in about one and one-half weeks. The system at that time will have achieved most of its initial phase objectives, however, there is at least another year of enhancements to be completed.

e) A packet containing the 1984-85 Comparison of Health Plans and an explanation of the Preferred Provider Program will be issued internally to all active employees and mailed to all retired employees in the the Bay Area during the week of April 23-27th.

11. ANNOUNCEMENTS - None

12. ADJOURNMENT -

There being no further business before the Board, President Bernstein adjourned the meeting at 4:45 P.M. on motion by Commissioner Paretchan, seconded by Commissioner Gaggero.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE APRIL 10, 1984 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

xperience for the period July 1983 through March 1984:

1) BASIC BENEFITS

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
ctive Employees	$ 2,686,937	$ 2,430,932	103%	90%
etired Employees (NM)	1,238,827	1,117,155	94	90
dult Dependents	1,587,814	1,344,386	96	85
inor Dependents	870,856	646,964	68	74
TOTAL	$ 6,384,434	$ 5,539,437	95%	87%

2) MAJOR MEDICAL

ctive Employees	$ 1,993,212	$ 2,555,624	168%	128%
etired Employees (NM)	867,793	1,223,260	173	141
etired Employees (M)	1,197,610	1,166,810	119	97
dult Dependents (NM)	1,310,365	1,372,252	101	105
dult Dependents (M)	483,120	456,577	99	95
inor Dependents	201,369	505,968	269	251
TOTAL	$ 6,053,469	$ 7,280,491	142%	120%

3) PRESCRIPTION DRUG BENEFIT

ctive Employees	$ 528,942	$ 540,345	98%	102%
etired Employees (NM)	286,912	276,057	90	96
etired Employees (M)	632,015	648,867	99	103
TOTAL	$ 1,447,869	$ 1,465,269	97%	101%

Continued.....

(4) VISION CARE COVERAGES

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 292,243	$ 315,359	96%	108%
Retired Employees (NM)	85,410	100,492	131	118
Retired Employees (M)	179,209	140,725	80	79
TOTAL	$ 556,862	$ 556,576	96%	100%

(5) ALL COVERAGES

Active Employees	$ 5,501,334	$ 5,842,260	126%	106%
Retired Employees (NM)	2,478,942	2,716,964	122	110
Retired Employees (M)	2,008,834	1,956,402	109	97
Adult Dependents (NM)	2,898,179	2,716,638	98	94
Adult Dependents (M)	483,120	456,577	99	95
Minor Dependents	1,072,225	1,152,932	106	108
TOTAL	$ 14,442,634	$ 14,841,773	115%	103%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MAY 8, 1984 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
Gaggero, Joseph A. — Paretchan, Harry
Johnson, F. Walter — Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of April 10, 1984, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Rules Committee - F. Walter Johnson, Chairman

9. New Business -

   a. Consideration of administrative agreement with St. Mary's Physician Associates

   b. Request by Select Health to use Health Service System for marketing purposes

   c. Consideration of amendment of agreement with California Vision Service Plan

   d. Status report on Open Enrollment

   e. Resolution of Commendation on the occasion of the Retirement of Dolores Arnold

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H2S
#3
5/5/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MAY 8, 1984 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Johnson, F. Walter
Katz, Robert A.
Krueger, George E.
Paretchan, Harry

ABSENT: Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF APRIL 10, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Gaggero and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of April 10, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson, reported that the loss ratio was 129% for the month with the minor dependents at 180% and the retired medicare rate at 151% for the month. Most of the adverse experience was again in the major medical benefit. The overall ratio was 105% compared to 103% through March. The prescription drug loss ratio was 100% and the vision plan benefit was at 97%. (Exhibit 'A')

Mr. Smith commented that the retired-medicare rate was affected by one case in which an individual had exhausted her medicare lifetime reserve of hospital days and is confined in intensive care at Seton Medical Center. Her hospital claim has cost the System over $100,000 to date. Exhibit 'B' reflects that after factoring in the subsidy in the rates the overall loss ratio is only 1% over the projected 104% for the year. Exhibit 'C' was provided to the Board reflecting the three year comparison of expenditures.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported two (2) appeals for the month of April and the Committee's recommendations:

a) Laura Terry, HSS No. 63841-00 - To deny request to transfer from exempt status to City Health Plan at other than open enrollment.

b) Mitchel A. Benjamin, HSS No. 50749-00 - Continue case on request to cover hospitalization in amount of $1,603.59.

Commissioner Johnson seconded the recommendation. The motion passed unanimously.

7. RULES COMMITTEE -

Commissioner Johnson reported that a Rules Committee meeting has not yet been held.

8. OLD BUSINESS - None

9. NEW BUSINESS -

a. Consideration of administrative agreement with St. Mary's Physician Associates.

Mr. Smith presented the agreement which provides for:

1) The services of an intermediary to facilitate the process of entering into physician agreements and to facilitate performance under those physician agreements.

2) The agreement would commence on May 1, 1984 and calls for an initial monthly sum of $850 with subsequent sums of $500 per month. There is a 90-day termination clause and a stipulation that each party will meet no later than October 1, 1984, to negotiate any adjustment, if any, in the compensation paid.

Commissioner Paretchan made a motion to approve the agreement; seconded by Commissioner Gaggero. The motion passed unanimously.

b. Request by Select Health to use Health Service System name for public relation purposes.

Mr. Bruce Gorman of SELECT Health requested that SELECT Health be allowed to develop a public relations strategy with the System to promote the program to City employees and use the System name for public media purposes.

9. NEW BUSINESS - (cont'd.)

The Board consensus was that it would not be prudent to publicly endorse SELECT Health without a record of achievement to substantiate the endorsement, however, the Board would authorize acknowledgment that the Health Service System has affiliated with SELECT Health. All public communications involving the System should be provided to and approved by the Executive Director.

c. Consideration of amendment of agreement with California Vision Service Plan.

Mr. Smith presented the proposed modifications to the vision plan agreement to be effective July 1, 1984:

1. increase in the administrative fee by $0.02 per subscriber per month. From $.43 to $.45 per subscriber which based on approximate members of 15,000 equates to an increase of $3,600 per year to $84,600 annually.

2. language clarification on necessary contact lenses.

3. increase the allowance for cosmetic lenses from $75 to $100. (Cost of approximately $10,000 per year).

4. multifocal plastic lenses would be covered at no additional cost.

Commissioner Gaggero made the motion to approve the amendment to the vision plan; seconded by Commissioner Paretchan. The motion passed unanimously.

d. Resolution of Commendation on the occasion of the retirement of Dolores Arnold.

Commissioner Johnson made a motion to adopt a Resolution of Commendation on the occasion of the retirement of Dolores Arnold, a member of the Health Service System staff (Exhibit 'D'); seconded by Commissioner Paretchan. The motion passed unanimously.

e. President Bernstein announced that Joe Gaggero had been re-elected to the Health Service Board for the term expiring May 15, 1989. (Exhibit 'E')

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a) The Investment Report (Exhibit 'F') reflects an increase in average current yield to 10.14% and average yield to date of 9.47%. Interest collected year to date amounts to $620,407.

b) The claims outstanding as of May 4th were 1,731 which is a large count caused primarily by the transition to an on-line processing system. However, the backlog is still within manageable proportions.

11. ANNOUNCEMENTS -

a) Commissioner Gaggero thanked the retired employees and the Board for their support during the election.

b) Commissioner Johnson made a motion that the meeting be adjourned in memory of Delores Gaggero (mother of Joe Gaggero) and that an appropriate letter be sent to Mr. Gaggero, Sr.

12. ADJOURNMENT -

The meeting was adjourned by observance of a moment silence in memory of Mrs. Gaggero.

There being no further business before the Board, President Bernstein adjourned the meeting at 4:35 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE MAY 8, 1984
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1983 through April 1984:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) BASIC BENEFITS				
Active Employees	$ 2,976,196	$ 2,712,674	97%	91%
Retired Employees (NM)	1,371,252	1,246,424	98	91
Adult Dependents	1,755,761	1,526,214	108	87
Minor Dependents	961,628	748,663	112	78
TOTAL	$ 7,064,837	$ 6,233,975	102%	88%
(2) MAJOR MEDICAL				
Active Employees	$ 2,206,662	$ 2,877,776	151%	130%
Retired Employees (NM)	960,249	1,364,244	152	142
Retired Employees (M)	1,330,936	1,422,637	192	107
Adult Dependents (NM)	1,449,373	1,587,266	155	110
Adult Dependents (M)	536,251	505,538	92	94
Minor Dependents	222,410	605,680	474	272
TOTAL	$ 6,705,881	$ 8,363,141	166%	125%
(3) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 585,737	$ 601,573	108%	103%
Retired Employees (NM)	317,509	305,690	97	96
Retired Employees (M)	702,314	716,378	96	102
TOTAL	$ 1,605,560	$ 1,623,641	100%	101%

REPORT BY ACTUARY FOR THE MAY 8, 1984
MEETING OF THE HEALTH SERVICE BOARD

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(4) VISION CARE COVERAGES				
Active Employees	$ 323,557	$ 347,383	102%	107%
Retired Employees (NM)	94,481	111,669	123	118
Retired Employees (M)	199,084	155,943	77	78
TOTAL	$ 617,122	$ 614,995	97%	100%
(5) ALL COVERAGES				
Active Employees	$ 6,092,152	$ 6,539,406	118%	107%
Retired Employees (NM)	2,743,491	3,028,027	118	110
Retired Employees (M)	2,232,334	2,294,958	151	103
Adult Dependents (NM)	3,205,134	3,113,480	129	97
Adult Dependents (M)	536,251	505,538	92	94
Minor Dependents	1,184,038	1,354,343	180	114
TOTAL	$ 15,993,400	$ 16,835,752	129%	105%

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12/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - JUNE 12, 1984 - 4:00 P.M.

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
Gaggero, Joseph A. — Paretchan, Harry
Johnson, F. Walter — Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of May 8, 1984, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Rules Committee - F. Walter Johnson, Chairman

8. Old Business -

   a. Final Report on Open Enrollment.

9. New Business -

   a. Nomination and Election of President, Health Service Board as provided for in Part IA Rules and Regulations.

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
6/12/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JUNE 12, 1984 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. Katz, Robert A.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter

EXCUSED: Krueger, George E.
Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF MAY 8, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of May 8, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson, reported that the loss ratio is 101% versus the target of 103 to 104%. Basic Benefits were at 48% for the month and 84% cumulative; Major Medical at 77% for the month and 120% cumulative. The Prescription Drug benefit was at 131% for the month and 104% year to date; the vision benefit was at 88% and 98% year to date (Exhibit 'A' attached).

Exhibit 'B' (attached) Loss Ratio reflecting the impact of the Revenue Subsidy and Exhibit 'C' (attached) Three Year Claim Experience Comparison were also provided to the Board.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that there were no appeals during May.

7. RULES COMMITTEE -

Commissioner Johnson reported the recommendations of the Rules Committee:

a. Rules and Regulation Changes - Exhibit 'D1'-D12' attached
b. Rules of Coverage Changes - Exhibit 'E1'-E35' attached

Commissioner Paretchan seconded the recommendations of the Rules Committee. The Rule changes were adopted unanimously.

8. OLD BUSINESS -

a. Final Report on Open Enrollment -

Mr. Smith presented the Open Enrollment statistics (Exhibit 'F1-F4'') which again represented a record number of applications (2,836) as has occurred for the last four consecutive years. The one significant change coming from the open enrollment period is a reversal of the trend involving a net loss of subscribers to the City Plan which has occurred the last three years.

9. NEW BUSINESS -

a. Concerns of Psychiatrists with Benefit Structure of Preferred Provider Program -

Commissioner Johnson noted correspondence from the psychiatric Community which was discussed at the Rules Committee meeting. Dr. George Bach-y-Rita representing the Psychiatric Committee of Pacific Physicians Associates then addressed the Board regarding the psychiatrists concern. The major points of the psychiatrists were that the program had a limited benefit structure and high copayments for psychiatry which they contend would shift City employees from the private on to the public sector.

Commissioner Katz disagreed with that assumption in that employees have a number of choices including the Kaiser and Bay Pacific HMO's.

Dr. Bach-y-Rita stated that studies reflect that under utilization in the psychiatric area results in increased medical costs in other areas. However, he had no actuarial or employee benefit studies to substantiate his point in response to that question from Commissioner Katz.

9. NEW BUSINESS (cont'd.)

Commissioner Katz felt that the psychiatrist's benefit proposal included no regard for cost impact. He further felt that employee and employee organization feedback consistently reflects the inclusion of a dental benefit as the priority before increased psychiatric benefits.

Commissioner Katz further stated that to negotiate directly with the psychiatrists as a group would set a precedent possibly leading to forced negotiation with other medical specialties.

Dick Winter, Executive Director of Select Health acknowledged the fact that prior communication with the psychiatrists before disseminating the rate and benefit structure would have dealt with the situation more effectively. He stated that there would probably be little psychiatric participation under the current fee schedule.

Commissioner Katz ended the discussion on a conciliatory note by stating that the Board should consider benefit improvements next year after the financial impact of the Preferred Provider Program is assessed. He indicated to Dr. Bach-y-Rita that the proposals conveyed by the psychiatric group have registered their concerns and thoughts to the Board and made the Board more aware of this area.

The consensus of the Board was total agreement with Commissioner Katz's position. No action was taken.

b. Nomination and Election of President, Health Service Board -

Commissioner Johnson nominated Dr. Bernstein for President during the 1984-85 fiscal year; seconded by Commissioner Paretchan. Commissioner Katz nominated Harry Paretchan. Commissioner Paretchan declined the nomination. There being no other nominations, the nomination were closed and the Board unanimously elected Dr. Bernstein as President.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a) The Investment Report (Exhibit 'G') attached reflects an increase in current yield from 10.14% to 10.29% while average yield increased from 9.47% to 9.54%. Interest received year to date totals in excess of $660,000 compared to $472,000 in 1982-83.

10. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

b) There were 1,291 claims outstanding as of June 8th compared to 1,731 as reported at the last meeting. Computer hardware problems have caused a lot of down time resulting in the claims backlog.

c) The administrative budget was approved intact by the Mayor and now goes before the Board of Supervisors in late June.

11. ANNOUNCEMENTS -

a) Presdient Bernstein recognized Mr. Frank Lucibello of the Retired Employees Association who introduced Mr. Tom McDonough, who will be chairman of the Health Service Committee of the Retired Employee Association.

b) Commissioner Katz noted that he received a study on evaluating Preferred Provider Program from the California Chamber of Commerce Statewide Health Care Cost Committee which includes employee benefit managers from major employers. He asked that the study be distributed to all Board members. He made specific note of the fact that the Committee recommends contracting with an independent utilization review organization to review a small random sample of hospitalization paid under the PPO to insure effective utilization review.

c) Commissioner Johnson stated that the report of the Mayor's Task Force on Domestic Partners will be presented to the Mayor in the near future.

d) Miriam Steinbeck of the Retired Employees Association expressed concern regarding the possible passage of AB2711 involving mandatory preventive health coverage for children. The Board has requested a City Attorney's opinion on the effect of this legislation to the System. If it were made mandatory on the System, the cost to provide the benefit would be included in the minor dependent rate.

12. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 4:50 P.M. by President Bernstein.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE JUNE 12, 1984
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1983 through May 1984:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) BASIC BENEFITS				
Active Employees	$ 3,372,813	$ 2,918,986	52%	87%
Retired Employees (NM)	1,509,216	1,296,775	36	86
Adult Dependents	1,967,723	1,636,463	52	83
Minor Dependents	1,080,959	795,803	40	74
TOTAL	$ 7,930,711	$ 6,648,027	48%	84%
(2) MAJOR MEDICAL				
Active Employees	$ 2,499,114	$ 3,111,802	80%	125%
Retired Employees (NM)	1,056,632	1,393,184	30	132
Retired Employees (M)	1,465,135	1,539,865	87	105
Adult Dependents (NM)	1,625,340	1,721,047	76	106
Adult Dependents (M)	590,666	560,585	101	95
Minor Dependents	250,105	638,895	120	255
TOTAL	$ 7,486,992	$ 8,965,378	77%	120%
(3) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 663,577	$ 692,925	117%	104%
Retired Employees (NM)	349,403	348,323	134	100
Retired Employees (M)	773,121	819,501	146	106
TOTAL	$ 1,786,101	$ 1,860,749	131%	104%

REPORT BY ACTUARY FOR THE JUNE 12, 1984
MEETING OF THE HEALTH SERVICE BOARD

(4) VISION CARE COVERAGES

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 366,470	$ 386,050	90%	105%
Retired Employees (NM)	103,938	122,251	112	118
Retired Employees (M)	219,097	170,541	73	78
TOTAL	$ 689,505	$ 678,842	88%	98%

(5) ALL COVERAGES

Active Employees	$ 6,901,974	$ 7,109,763	70%	103%
Retired Employees (NM)	3,019,189	3,160,533	48	105
Retired Employees (M)	2,457,353	2,529,907	104	103
Adult Dependents (NM)	3,593,063	3,357,510	63	93
Adult Dependents (M)	590,666	560,585	101	95
Minor Dependents	1,331,064	1,434,698	55	108
TOTAL	$17,893,309	$18,152,996	69%	101%

SF
H25
#2
9/10/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JULY 10, 1984 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
   Gaggero, Joseph A. — Paretchan, Harry
   Johnson, F. Walter — Renne, Louise H.
   Katz, Robert A.

4. Minutes of Regular Meeting of June 12, 1984, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Joseph A. Gaggero, Chairman

7. Old Business -

8. New Business -

   a. Hospital Room Survey-Quarterly Report

   b. 1984-85 Committee Assignments - President Bernstein

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
7/10/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - JULY 10, 1984 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter

EXCUSED: Katz, Robert A.
Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF ~~JULY 10~~ June 12, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Gaggero and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of May 8, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Chuck Grunsky, Rael & Letson reported that the June actuarial report reflects a high loss ratio of 140% bringing the fiscal year loss ratio up to 105% approximately 1% above the projected 104% ratio for the year (Exhibit 'A' attached). A portion of the large expenditures in June are attributable to April and May and were not picked up in the statistics report for those months because of a program error.

Mr. Smith added that the fiscal year resulted in expenditures of approximately $897,000 in excess of contributions with only $216,000 of the excess expenditures not projected. The $897,000 excess is very favorable when compared to the $2.2 million excess expenditures in 1982-83 and the $1.7 million in 1981-82. (Exhibits 'B' & 'C')

SF
H25
#3
7/10/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JULY 10, 1984 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter

EXCUSED: Katz, Robert A.
Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF ~~JULY 10~~ June 12, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Gaggero and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of May 8, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

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Mr. Smith added that the fiscal year resulted in expenditures of approximately $897,000 in excess of contributions with only $216,000 of the excess expenditures not projected. The $897,000 excess is very favorable when compared to the $2.2 million excess expenditures in 1982-83 and the $1.7 million in 1981-82. (Exhibits 'B' & 'C')

6. APPEALS COMMITTEE -

Commissioner Gaggero reported that the Appeals Committee met on June 27, 1984, to hear twenty-three (23) appeals involving late submission of open enrollment requests, addition of dependent children, and reverting from dependent to retired employee status (Exhibit 'D').

The Committee also met today and heard six (6) appeals (Exhibit 'E'). Commissioner Gaggero made a motion to adopt the recommendations of the Appeals Committee as shown on Exhibits 'D' & 'E'; seconded by Commissioner Paretchan. The motion was passed unanimously.

7. OLD BUSINESS - NONE

8. NEW BUSINESS -

a. Hospital Room Survey

Mr. Smith presented Exhibits 'F-1' and 'F-2' reflecting the quarterly report on room rates. It reflects an increase from $378 to $388 in the average semi-private room rate in San Francisco since April 1, 1984. The average rate of increase for the fiscal year was 7% which reflected a continuing moderation in rate increases. The report was filed and the Board took no action at this time.

b. 1984-85 Committee Assignments - President Bernstein announced the Committee assignments (Exhibit 'G') for the fiscal year.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'H') reflects interest received year-to-date of $753,195 with the interest for June on pooled cash still to be reported. This compares to total interest of $598,126 for 1982-83. The average yield has increased to 10.45% and a Certificate of Deposit for $1 million which matured in June yielding 9.75% was reinvested for ninety (90) days at 11.125%.

b. The claims outstanding as of July 6 stood at 2,075 which is about 3.8 days backlog. The backlog is primarily caused by the transition to the on-line system.

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

c. The 1984-85 budget was heard by the Board of Supervisors on June 28th with all items except actuary fees and a small amount of reproduction service monies approved. Actuarial services will have to continue to be funded from the Trust Fund.

The Mayor's office also cut $1,000 for membership fees and seminar attendance. Mr. Smith asked the Board to approve a Resolution (Exhibit 'I') allowing attendance at the International Foundation's, Public Employees Conference on August 26 to 29, 1984. Commissioner Paretchan made the motion to approve; seconded by Commissioner Johnson. The motion passed unanimously.

d. There are two (2) Charter Amendments proposed for the November ballot affecting the Health Service System. One is the subsidizing of surviving spouse health benefits which is projected to cost approximately $990,000 per year and the other is the provision of fully paid medical plans for dependents of uniformed police and fire personnel which is projected to cost approximately $2.9 million.

Pursuant to a request by the Retired Employees Association, a motion was made by Commissioner Johnson to support the charter amendment subsidizing surviving spouses; seconded by Commissioner Krueger. The motion was adopted unanimously.

e. The new City Plan benefit booklet and accompanying flyer on health care cost containment was mailed out with the new prescription drug cards.

10. ANNOUNCEMENTS -

a. Commissioner Paretchan commended Mr. Ben Hunter of Children's Hospital for expeditiously assisting him with a member problem involving the health plan.

b. Commissioner Johnson reported the Mayor's Task Force on Domestic Partners will meet and report their recommendations to the Mayor shortly after the Democratic Convention.

10. ANNOUNCEMENTS - (cont'd.)

c. President Bernstein thanked the Board for re-electing him as President and for their support during the past year. He also commended the Executive Director.

11. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 4:30 P.M. by President Bernstein.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE JULY 10, 1984 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1983 through June 1984:

(1) BASIC BENEFITS

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 3,667,160	$ 3,325,772	138%	91%
Retired Employees (NM)	1,648,220	1,434,189	99	87
Adult Dependents	2,138,436	1,819,131	107	85
Minor Dependents	1,171,893	879,703	92	75
TOTAL	$ 8,625,709	$ 7,458,795	117%	86%

(2) MAJOR MEDICAL

Active Employees	$ 2,716,166	$ 3,507,798	182%	129%
Retired Employees (NM)	1,153,780	1,567,476	179	136
Retired Employees (M)	1,599,336	1,847,840	229	116
Adult Dependents (NM)	1,766,603	1,855,538	95	105
Adult Dependents (M)	644,688	670,232	203	104
Minor Dependents	271,187	701,748	298	259
TOTAL	$ 8,151,760	$ 10,150,632	178%	125%

(3) PRESCRIPTION DRUG BENEFIT

Active Employees	$ 721,352	$ 758,061	113%	105%
Retired Employees (NM)	381,535	377,437	91	99
Retired Employees (M)	844,019	892,832	103	106
TOTAL	$ 1,946,906	$ 2,028,330	104%	104%

Prepared by:
RAEL & LETSON
Consulting Actuaries

(4) VISION CARE COVERAGES

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 398,320	$ 419,135	104%	105%
Retired Employees (NM)	113,461	131,675	99	116
Retired Employees (M)	239,179	184,299	69	77
TOTAL	$ 750,960	$ 735,109	92%	98%

(5) ALL COVERAGES

Active Employees	$ 7,502,998	$ 8,010,766	150%	107%
Retired Employees (NM)	3,296,996	3,510,777	126	106
Retired Employees (M)	2,682,534	2,924,971	175	109
Adult Dependents (NM)	3,905,039	3,674,669	102	94
Adult Dependents (M)	644,688	670,232	203	104
Minor Dependents	1,443,080	1,581,451	131	110
TOTAL	$ 19,475,335	$ 20,372,866	140%	105%

SF
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#2
8/14/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - AUGUST 14, 1984 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
Gaggero, Joseph A. — Paretchan, Harry
Johnson, F. Walter — Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of July 10, 1984, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Robert A. Katz, Chairman

7. Rules Committee - Joseph A. Gaggero, Chairman
a. Consideration of Amendment to Rules of Coverage adding to Section C, Subsection 4 relating to Coordination of Benefits with Preferred Provider and Health Maintenance Organizations (called from Committee)

8. Old Business -

9. New Business -

10. Executive Director's Report -

11. Announcements -

12. Adjournment

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
8/4/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - AUGUST 14, 1984 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:08 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph A. Paretchan, Harry
Katz, Robert A.

EXCUSED: Johnson, F. Walter.
Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF JULY 10, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of July 10, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson reported the July experience which showed an overall loss ratio of 94% with the 1984-85 rates reflected in the contributions but prior fiscal year incurred claims for the most part reflected in the expenditures. The Basic benefits showed a 101% loss ratio, Major Medical at 88%; Prescription drug benefit at 97% and the Vision benefit at 96% (Exhibit 'A' attached).

The Board was also presented with the standard monthly reports reflecting the experience factoring in the contribution subsidy (Exhibit'B') and the comparison to prior year experience (Exhibit 'C'). In addition, annual experience reports were submitted reflecting expenditures by benefit category (Exhibit 'D') and modality of service (Exhibit 'E').

6. APPEALS COMMITTEE -

Commissioner Katz, Chairman, reported that thirteen (13) appeals were heard covering four (4) general areas and nine are recommended for approval, two (2) for denial and two (2) for continuance for the purpose of having the Executive Director pursue a satisfactory resolution with contractors. Commissioner Paretchan made a motion to accept the recommendations (Exhibit 'F') of the Appeals Committee; seconded by Commissioner Gaggero. The motion was passed unanimously.

7. RULES COMMITTEE -

a. Consideration of Amendment to Rules of Coverage adding to Section C, Subsection 4 relating to Coordination of Benefits with Preferred Provider and Health Maintenance Organizations (called from Committee)

Mr. Smith presented to the Board an amendment (Exhibit 'G') to the Rules of Coverage which would prohibit coordinating benefits with Health Maintenance Organizations where no financial liability exists on the patient's behalf. In addition, the Health Plan would not cover medical expenses which exceed the lesser of usual, customary and reasonable charges or the discounted rates charged to another health plan by a provider under a preferred provider agreement.

Commissioner Gaggero made a motion to adopt the resolution; seconded by Commissioner Paretchan. The motion was passed unanimously.

8. OLD BUSINESS - NONE

9. NEW BUSINESS -

Mr. Smith indicated that discussions were underway with independent laboratories and other health professionals on preferred provider agreements in order to eventually provide members participating in the program with a full continuum of medical care.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'H') for July reflects accrued interest for June, 1984, of $16,478 which brings the 1983-84 fiscal year interest to $769,673.11. Average current yield is 10.53% and a CD which matured in July was reinvested at 11.00%.

b. The outstanding claims count as of August 10th was 1,721 in comparison to the 2,075 reported in July. The number outstanding is still historically high reflecting some transitional difficulties to the mini computer system.

10. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

c. The surviving spouse charter amendment was approved by the Board of Supervisors for placement on the November ballot and the proposal involving uniformed officers was not approved.

d. A resolution (Exhibit 'I') covering the Executive Director's administrative expenses for the 1983-84 fiscal year in the amount of $129.92 was submitted to the Board. Commissioner Paretchan made a motion to approve; seconded by Commissioner Gaggero. The motion was passed unanimously.

e. The Director will be attending the Public Employees Conference in San Francisco on August 27-29, 1984.

11. ANNOUNCEMENTS -

President Bernstein recognized Mr. Frank Lucibello of the Retired Employees who raised the fact that French Hospital was promoting a new prepaid program for individuals who are in both parts of Medicare. Fran Hasik of French Hospital indicated that the hospital has a demonstration contract with the Health Care Financing Administration. After discussion, the Board asked that further information on the program be provided to them.

12. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 4:50 P.M. by President Bernstein.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE AUGUST 14, 1984
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through July 31, 1984:

(1) BASIC BENEFITS

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 290,133	$ 313,824	108%	108%
Retired Employees (NM)	133,268	109,487	82	82
Adult Dependents	170,129	189,220	111	111
Minor Dependents	78,342	66,714	85	85
TOTAL	$ 671,872	$ 679,245	101%	101%

(2) MAJOR MEDICAL

Active Employees	$ 281,757	$ 233,818	83%	83%
Retired Employees (NM)	126,678	65,021	51	51
Retired Employees (M)	162,942	204,685	126	126
Adult Dependents (NM)	163,672	95,978	59	59
Adult Dependents (M)	60,992	88,534	145	145
Minor Dependents	40,986	44,668	109	109
TOTAL	$ 837,027	$ 732,704	88%	88%

(3) PRESCRIPTION DRUG BENEFIT

Active Employees	$ 61,856	$ 61,202	99%	99%
Retired Employees (NM)	34,147	31,249	92	92
Retired Employees (M)	77,734	75,878	98	98
TOTAL	$ 173,737	$ 168,329	97%	97%

Prepared by
RAEL & LETSON
Consulting Actuaries

4) VISION CARE COVERAGES

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
ctive Employees	$ 34,888	$ 36,760	105%	105%
etired Employees (NM)	10,866	11,111	102	102
etired Employees (M)	23,163	18,337	79	79
TOTAL	$ 68,917	$ 66,208	96%	96%

5) ALL COVERAGES

ctive Employees	$ 668,634	$ 645,604	97%	97%
etired Employees (NM)	304,959	216,868	71	71
etired Employees (M)	263,839	298,900	113	113
dult Dependents (NM)	333,801	285,198	85	85
dult Dependents (M)	60,992	88,534	145	145
inor Dependents	119,328	111,382	93	93
TOTAL	$ 1,751,553	$ 1,646,486	94%	94%

SF
H25
#2
9/11/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - SEPTEMBER 11, 1984 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of August 14, 1984, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Robert A. Katz, Chairman

7. Old Business -

8. New Business -

   a. Consideration of special enrollment for French Hospital Health Plan

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
9/11/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - SEPTEMBER 11, 1984 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:24 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. Krueger, George E.
Johnson, F. Walter Paretchan, Harry
Katz, Robert A.

EXCUSED: Gaggero, Joseph A.
Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF AUGUST 14, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Johnson and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of August 14, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson presented the report which reflected 122% loss ratio for the month for Basic Benefits, overall 111%; Major Medical 81% and 84% overall; Prescription drug benefits at 129% and 113% overall; Vision Care Program at 104% and 100% overall and the total program at 102% for the month and 98% overall. (Exhibit 'A')

Mr. Smith added that the impact of revenue subsidy (Exhibit 'B') reflects a 96% loss ratio and the claim experience report by month (Exhibit 'C') shows a marked improvement over prior fiscal years to this point. In addition, a schedule (Exhibit 'D') was presented which reflects the preliminary impact of the preferred provider agreements with the hospitals. The average payment to contract hospitals for the fiscal year to date averaged $671 per day compared to $811 per day for all of the 1983-84 fiscal year. Significant other facts are a slight decrease in length of stay and the elimination of out of pocket expense (approximately $80,000) by our members.

6. APPEALS COMMITTEE -

Commissioner Katz reported that five (5) appeals were heard including four (4) appeals to add dependents and one appeal for reinstatement. Four (4) appeals were approved, some based on specific provisos and one appeal was continued. Commissioner Katz made a motion that the recommendations (Exhibit 'E') of the Appeals Committee be approved; seconded by Commissioner Paretchan. The motion was passed unanimously.

7. OLD BUSINESS

a. Mayor's Task Force on Equal Benefits - Commissioner Katz reported that the Task Force unanimously recommended that gay and lesbian individuals could be provided health benefits but heterosexual individuals would be excluded because they had a legal avenue (marriage) by which they could become qualified dependents. The Mayor rejected this recommendation as discriminatory, but is requesting that the Health Service System establish a special desk to help all employees obtain information on health insurance available to dependents not qualified for the City system and report back in six (6) months on the availability of coverage, the volume of requests and type of coverage being sought.

A copy of the Task Force report was provided to Board members and the Mayor's request was referred to a special committee of the Board for study and report back to the Board. President Bernstein appointed Commissioner Krueger to chair the committee and assigned Commissioners Katz and Johnson to the committee.

8. NEW BUSINESS -

a. Consideration of special enrollment for French Hospital Health Plan.

Mr. Smith reported that French Hospital is willing to discuss a special enrollment and/or implementation of their Senior Care Plan program in place of their existing program under the Health Service System prior to the next contract year. The replacement program is much less costly ($28 per month versus $57.75 per month) than the existing program. He asked the Board whether they want to consider a special enrollment prior to the next July before he started talking to French about the feasibility and mechanics of doing it. The Board consensus was to pursue discussions to determine the feasibility of a special enrollment.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The Investment Report (Exhibit 'F') reflects an increase in average current yield to 10.69% and interest received fiscal year to date of $116,509.

   b. The claims outstanding as of September 7th were 1,280 which is a significant reduction from the 1,721 reported last month. The claim backlog problem is stabilizing itself.

   c. Attended a Public Employees Conference in August where the major emphasis in the health care field was on Preferred Provider Programs, wellness programs and utilization review. The continuing perception is that we are in the forefront as far as involvement in the PPO process.

   d. Paid Prescriptions has advised us that they are raising their administrative fees from $.64 to $.67 per claim commencing November 8, 1984. This will result in an annual increase of approximately $4,500 in administrative costs.

   e. A new roster of participating physicians under the PPO will be mailed to Plan I members sometime in October.

10. ANNOUNCEMENTS - None

11. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 5:05 P.M. by President Bernstein.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT 'A'

REPORT BY ACTUARY FOR THE SEPTEMBER 11, 1984

MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through August 31, 1984:

(1) BASIC BENEFITS

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 579,208	$ 739,087	147%	128%
Retired Employees (NM)	262,179	214,828	82	82
Adult Dependents	337,389	376,496	112	112
Minor Dependents	154,999	153,048	113	99
TOTAL	$ 1,333,775	$ 1,483,459	122%	111%

(2) MAJOR MEDICAL

Active Employees	$ 563,599	$ 464,728	82%	82%
Retired Employees (NM)	250,706	138,468	59	55
Retired Employees (M)	324,294	369,377	102	114
Adult Dependents (NM)	325,625	197,034	62	61
Adult Dependents (M)	120,508	144,267	94	120
Minor Dependents	81,741	90,017	111	110
TOTAL	$ 1,666,473	$ 1,403,891	81%	84%

(3) PRESCRIPTION DRUG BENEFIT

Active Employees	$ 123,561	$ 141,329	130%	114%
Retired Employees (NM)	67,014	71,923	124	107
Retired Employees (M)	154,414	175,557	130	114
TOTAL	$ 344,989	$ 388,809	129%	113%

(4) VISION CARE COVERAGES

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 69,705	$ 77,422	117%	111%
Retired Employees (NM)	21,252	22,961	114	108
Retired Employees (M)	46,000	36,612	80	80
TOTAL	$ 136,957	$ 136,995	104%	100%

(5) ALL COVERAGES

Active Employees	$ 1,336,073	$ 1,422,566	116%	106%
Retired Employees (NM)	601,151	448,180	78	75
Retired Employees (M)	524,708	581,546	108	111
Adult Dependents (NM)	663,014	573,530	88	87
Adult Dependents (M)	120,508	144,267	94	120
Minor Dependents	236,740	243,065	112	103
TOTAL	$ 3,482,194	$ 3,413,154	102%	98%

SF
H25
#2
10/9/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 9, 1984 - 4:00 P.M.

A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
Gaggero, Joseph A. — Paretchan, Harry
Johnson, F. Walter — Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of September 11, 1984, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

6. Appeals Committee - Robert A. Katz, Chairman

7. Old Business -

8. New Business -

   a. Third Party Compromise Settlement - Compton, Dwight - HSS No. 97518-01, Amount - $26,296.20

   b. Hospital Room Survey - Quarterly Report

   c. Report of Special Committee

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
10/9/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 9, 1984 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT:	Bernstein, Abraham, M.D.	Katz, Robert A.
	Gaggero, Joseph	Krueger, George E.
	Johnson, F. Walter.	Paretchan, Harry

EXCUSED: Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF SEPTEMBER 11, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Johnson and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of September 11, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Chuck Grunsky - Rael & Letson reported that the cumulative loss ratio was below 100% at 93% after three months experience for the first time in recent memory (Exhibit 'A'). He speculated that the Preferred Provider Program and the hospitalization review program were having an impact on our experience. Rael & Letson remain cautiously optimistic that this trend will continue. Exhibit 'B' & 'C' reflecting the revenue subsidy and the four year claims experience comparison were provided to the Board as they are each month.

6. APPEALS COMMITTEE -

Commissioner Gaggero reported for Chairman Katz that there were four (4) appeals involving addition of dependents and change of plans. The Committee recommends that two (2) appeals be approved and two (2) appeals be denied. Commissioner Paretchan made a motion that the recommendations (Exhibit 'D') of the Appeals Committee be approved; seconded by Commissioner Johnson. The motion was passed unanimously.

7. OLD BUSINESS

a. French Hospital Senior Care Program - Mr. Smith reported that he met with French Hospital on implementing the Senior Care program prior to next July 1st and that with the concurrence of French Hospital he recommends that the program not be offered until next open enrollment except for those individuals in Medicare already covered by the French Hospital Plan. Discussion followed on the pro's and con's of the subject. Commissioner Katz made a motion that the Board defer any action on the French Senior Care Program until next July 1st. Commissioner Krueger seconded the motion. The vote was 3-3 (Bernstein, Johnson, Paretchan). The motion failed.

After further discussion, Commissioner Gaggero made a motion to approve the staff recommendation that existing individuals in the French Plan be transitioned and that all other Medicare members have the right to appeal for transfer to French Hospital Senior Care Plan. Seconded by Commissioner Paretchan. The vote was 4-2 (Katz, Krueger). The motion was passed.

8. NEW BUSINESS -

a. Third Party Compromise Settlement - Compton, Dwight, HSS No. 97518-01, Amount - $26,296.20. -

Mr. Smith presented a recommendation (Exhibit 'E') of the City Attorney to settle the subject case for $17,530.80. After discussion, motion was made by Commissioner Johnson, seconded by Commissioner Katz to accept the compromise settlement. The motion passed unanimously.

b. Hospital Room Survey - Quarterly Report -

Mr. Smith presented the quarterly report on hospital room rates (Exhibit 'F-1' & 'F-2') which reflected a number of changes in San Francisco hospitals (Children's $410 to $460 per day, Marshal Hale $370 to $399, Mt. Zion $368 to $405, and St. Luke's $375 to $401) bringing the average current semi-private room rate to $402 per day.

8. NEW BUSINESS - (cont'd.)

The Rules of Coverage provide that the Board shall set a covered average semi-private room rate at least once during the year based on an annual survey. The Board has not done this during the fiscal year yet. The average of $402 is $42 above the current allowable level of $360. After discussion, a motion was made by Commissioner Johnson to raise the covered room allowance to $380 per day effective October 1, 1984, seconded by Commissioner Gaggero. The motion passed unanimously.

c. Report of Special Ad Hoc Committee - The special committee on health insurance for dependents not eligible for Health Service System coverage did not meet yet.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'G') reflects that four (4) Certificates of Deposit matured during September all of which were reinvested at higher rates of interest. The average current yield increased from 10.69% to 11.21%. Interest received year to date is $218,048 without factoring in accrued interest for September on pooled cash.

b. The outstanding claim count was 1,210 as of October 5th down from 1,280 last month. The number of claims represent a controllable situation.

c. The Medicare hospital inpatient deductible will increase from $356 to $400 effective January 1, 1985. The increased cost will be the System's responsibility for Medicare covered members. The Part B premium will increase from $14.60 to $15.50 effective July 1, 1985.

d. The Federal Government has decreed under the DEFRA Act that spouses of active employees who are between 65 and 70 years of age must be primarily covered by the employer's health plan effective January 1, 1985.

e. Negotiations are currently going on for preferred contracts with Washington Hospital in Fremont as well as other hospitals in Sonoma County and Tuolumne County. Negotiations are also going on with independent laboratories such as Lazaroni Labs and SmithKline. It is hoped that proposed agreements can be consummated with these providers by the November meeting.

f. A hospital claim review program is still being pursued and a program involving Blue Cross has been submitted to us for consideration. Monies have been budgeted for this program and we have tentatively agreed with Local 390/400 to implement such a program.

10. ANNOUNCEMENTS -

a. Commissioner Johnson made a motion requesting that a letter be sent to the Planning Commission on behalf of Kaiser Health Plan which is encountering difficulties getting approval for a new addition to their San Francisco facility. The addition to the hospital and parking facility will benefit Kaiser members and the Community. Commissioner Gaggero seconded the motion. The motion passed unanimously.

11. ADJOURNMENT -

President Bernstein adjourned the meeting at 5:00 P.M. with a moment of silence in memory of Commissioner Paretchan's father, Robert Paretchan, who passed away on September 24, 1984.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE OCTOBER 9, 1984
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through September 30, 1984:

(1) BASIC BENEFITS

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 877,793	$ 1,041,826	101%	119%
Retired Employees (NM)	397,718	357,702	105	90
Adult Dependents	507,915	564,947	111	111
Minor Dependents	233,499	264,044	141	113
TOTAL	$ 2,016,925	$ 2,228,519	109%	110%

(2) MAJOR MEDICAL

Active Employees	$ 854,671	$ 617,713	53%	72%
Retired Employees (NM)	380,439	215,372	59	57
Retired Employees (M)	487,663	463,545	58	95
Adult Dependents (NM)	490,662	299,888	62	61
Adult Dependents (M)	182,508	190,926	75	105
Minor Dependents	123,516	134,862	107	109
TOTAL	$ 2,519,459	$ 1,922,306	61%	76%

(3) PRESCRIPTION DRUG BENEFIT

Active Employees	$ 187,260	$ 203,121	97%	108%
Retired Employees (NM)	101,539	104,306	94	103
Retired Employees (M)	232,200	248,621	94	107
TOTAL	$ 520,999	$ 556,048	95%	107%

(4) VISION CARE COVERAGES

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 105,648	$ 116,650	109%	110%
Retired Employees (NM)	32,139	33,266	95	104
Retired Employees (M)	69,200	53,326	72	77
TOTAL	$ 206,987	$ 203,242	95%	98%

(5) ALL COVERAGES

Active Employees	$ 2,025,372	$ 1,979,310	81%	98%
Retired Employees (NM)	911,835	710,646	84	78
Retired Employees (M)	789,063	765,492	70	97
Adult Dependents (NM)	998,577	864,835	87	87
Adult Dependents (M)	182,508	190,926	75	105
Minor Dependents	357,015	398,906	130	112
TOTAL	$ 5,264,370	$ 4,910,115	84%	93%

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11/13/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - NOVEMBER 13, 1984 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D.
Gaggero, Joseph A.
Johnson, F. Walter
Katz, Robert A.
Krueger, George E.
Paretchan, Harry
Renne, Louise H.

4. Minutes of Regular Meeting of October 9, 1984, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr., Rael & Letson

   a. October, 1984 Experience Report
   b. 1983-84 Actuarial Report

6. Appeals Committee - Commissioner Katz, Chairman

7. Ad Hoc Committee on Private Health Insurance - Commissioner Krueger - Chairman

8. Old Business -

9. New Business -
   a. Consideration of agreements with:

      1. Washington Hospital - Fremont
      2. Lazaroni Laboratories
      3. SmithKline Clinical Laboratories

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

SF
H25
#3
11/13/84

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - NOVEMBER 13, 1984 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order after completion of the Appeals Committee meeting at 4:40 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT:	Bernstein, Abraham, M.D.	Krueger, George E.
	Gaggero, Joseph	Paretchan, Harry
EXCUSED:	Johnson, F. Walter	Renne, Louise H.
	Katz, Robert A.	

4. MINUTES OF REGULAR MEETING OF OCTOBER 9, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of October 9, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

a. Monthly Actuarial Report

Mr. Rael, Rael & Letson reported that the overall loss ratio for the month was 105% and 96% year to date. The Basic and Major Medical experience will be combined beginning with the November report as part of the plan direction toward a comprehensive benefit structure and the fact that the Preferred Provider Program expenditures have distorted the experience. The Program was not contemplated in the rate structure developed last January. The prescription drug experience continues to exceed projections and will probably end the year with a loss ratio in excess of 100%. The vision experience on the other hand is about as projected at 98% for the year to date (Exhibit 'A'). The exhibits reflecting the impact of revenue subsidy (Exhibit 'B') and the four-year claims experience comparison (Exhibit 'C') were provided to the Board as is customary.

5. ACTUARIAL REPORT - (cont'd.)

b. 1983-84 Actuarial Report

Mr. Rael presented his report to the Board summarizing what has happened historically and during the 83-84 fiscal year, the construction of the 84-85 year rates, the status of the contingency reserve and a comment and recommendation section. He highlighted the statistics on page 18 of the report showing dramatic decreases over the last three years in physician office visits and days of hospitalization per 100 insured. However, he pointed out that the cost of hospital extras has increased significantly over the last three (3) years. He also indicated on page 13 that the contingency reserve which had fallen to approximately $600,000 at the end of the 82-83 fiscal year has now grown to approximately $2.25 million as of the end of the 83-84 fiscal year. He alluded to his comments and recommendation section (page 14) by stating that because the impact of the PPO program was not considered in the rate formulation that he expects the contingency reserve to increase by approximately $1 million this year and that the rates for the 85-86 fiscal year should not increase by the same magnitude that they did in 83-84. He summed up his presentation by indicating that the System is currently in sound fiscal shape. (No action taken and the reports were filed)

6. APPEALS COMMITTEE -

Commissioner Gaggero reported in the absence of Chairman Katz that the Committee considered four (4) appeals to change health plans, two (2) appeals to add dependents, and three (3) appeals for medical benefit coverage. The Committee recommendations as reflected on Exhibit 'D' are presented to the Board for approval. Commissioner Gaggero made a motion to adopt the recommendations of the Appeals Committee; seconded by Commissioner Krueger. The motion passed unanimously.

7. OLD BUSINESS - None

8. NEW BUSINESS -

a. Consideration of agreements with:

1. Washington Hospital-Fremont
2. Lazaroni Laboratories
3. SmithKline Clinical Laboratories

Mr. Smith reviewed the materials provided to the Board on proposed preferred provider agreements with Washington Hospital, Fremont and its affiliated physicians and the independent clinical laboratories of SmithKline and Lazaroni. The hospital agreement would provide a facility and physicians in another geographical area not now covered by the PPO program. The laboratory agreements would fill a void in the current continuum of medical care where participating physicians refer specimens or patients to outside laboratories. Agreements with these two (2) large and multi-site labs will go a long way toward comprehensively covering this medical delivery area. He recommended that Resolution 84-03 (Exhibit 'E') as proposed be approved. Commissioner Paretchan made a motion to approve the Resolution, seconded by Commissioner Krueger. The Resolution was adopted unanimously.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The medical claims count was at 421 as of November 9th. This is a low outstanding count equivalent to the averages during the pre-Wang period. The consistency of this type of outstanding claim count may be threatened, however, by the loss of two (2) positions on December 31st under the City Safety Net Program. The department is working on alternatives to avoid these layoffs.

   b. The Investment Report (Exhibit 'F') for the month ending October 31st reflects that one $500,000 CD matured which was reinvested at the same rate of 11% for a one year period. This left the average current yield of 11.21% unchanged while the average yield year to date rose to 10.91%. Interest from all sources received as of October 31 was at approximately $284,000.

   c. The Surviving Spouse Charter Amendment passed by a 53%-47% margin on the November 6th ballot which means that existing surviving spouses and those who become surviving spouses of active or retired employees while in the System will receive subsidized health benefits beginning July 1, 1985.

   d. A sample text of a letter which will be mailed to all Bay Area Plan I subscribers along with an updated Select physician directory within the next few weeks was provided to the Board. An updated St. Mary's Physician directory will be mailed in early December.

   e. A proposed Resolution 84-04 (Exhibit 'G') authorizing continued membership in the International Foundation of Employee Benefit Plans was recommended for approval. Commissioner Gaggero made a motion to approve the Resolution; seconded by Commissioner Paretchan. The Resolution was approved unanimously.

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

f. The annual audit of the System by Peat, Marwick, Mitchell & Co.is now completed and they will be attending either the December or January meeting to review their audit. The audit reflects that the net assets of the System have increased from $758,000 at the end of the 82-83 fiscal year to $2.1 million at the end of the 83-84 fiscal year.

10. ANNOUNCEMENTS -

a. President Bernstein recognized Mr. Tom McDonough of the Retired Employees Association who expressed the Association's thanks to the Board for their letter of recommendation and support for Proposition E.

11. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 5:10 P.M. by President Bernstein.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE NOVEMBER 13, 1984 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through October 31, 1984:

(1) BASIC BENEFITS

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 1,177,740	$ 1,416,144	125%	120%
Retired Employees (NM)	532,382	522,926	123	98
Adult Dependents	678,507	781,432	127	115
Minor Dependents	311,757	411,996	189	132
TOTAL	$ 2,700,386	$ 3,132,498	132%	116%

(2) MAJOR MEDICAL

Active Employees	$ 1,148,177	$ 819,932	69%	71%
Retired Employees (NM)	509,540	306,909	71	60
Retired Employees (M)	651,116	625,842	99	96
Adult Dependents (NM)	655,769	434,118	81	66
Adult Dependents (M)	243,722	230,508	65	95
Minor Dependents	165,351	166,439	75	101
TOTAL	$ 3,373,675	$ 2,583,748	77%	77%

(3) PRESCRIPTION DRUG BENEFIT

Active Employees	$ 251,401	$ 289,395	135%	115%
Retired Employees (NM)	135,846	146,912	124	108
Retired Employees (M)	309,879	355,217	137	115
TOTAL	$ 697,126	$ 791,524	134%	114%

(4) VISION CARE COVERAGES

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 141,847	$ 158,706	116%	112%
Retired Employees (NM)	42,957	42,930	89	100
Retired Employees (M)	92,392	70,832	76	77
TOTAL	$ 277,196	$ 272,468	99%	98%

(5) ALL COVERAGES

Active Employees	$ 2,719,165	$ 2,684,177	102%	99%
Retired Employees (NM)	1,220,724	1,019,677	100	84
Retired Employees (M)	1,053,387	1,051,891	108	100
Adult Dependents (NM)	1,334,277	1,215,551	104	91
Adult Dependents (M)	243,722	230,508	65	95
Minor Dependents	477,108	578,435	149	121
TOTAL	$ 7,048,383	$ 6,780,239	105%	96%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - DECEMBER 11, 1984 - 4:00 P.M.

A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. Krueger, George E.
   Gaggero, Joseph A. Paretchan, Harry
   Johnson, F. Walter Renne, Louise H.
   Katz, Robert A.
4. Minutes of Regular Meeting of November 13, 1984, submitted for approval.
5. Actuarial Report - Juan B. Rael, Jr., Rael & Letson
6. Appeals Committee - Commissioner Katz, Chairman
7. Old Business -
8. New Business -
9. Executive Director's Report -
10. Announcements -
11. Adjournment -

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RANDALL B. SMITH
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - DECEMBER 11, 1984 - 4:00 P.M.

Minutes

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order after completion of the Appeals Committee meeting at 4:08 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. Katz, Robert
Gaggero, Joseph Krueger, George E.
Johnson, F. Walter

EXCUSED: Paretchan, H.
Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF NOVEMBER 13, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Johnson and seconded by Commissioner Katz to approve the minutes of the Regular Meeting of November 13, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson reported that the overall loss ratio for the 1st five months was 90%. The System has taken in $9.3 million and expended about $8.3 million or approximately a $1 million surplus through the 1st five months. He is hopeful that rate increases will be minimal for next year because of the lower base rate with which to start rate computations. The prescription drug experience continues to exceed projections and will probably require an increase for next year (Exhibit 'A'). The exhibits reflecting the impact of revenue subsidy (Exhibit 'B') and the four-year claims experience comparison (Exhibit 'C') were provided to the Board as is customary.

Mr. Smith commented that the November experience was enhanced by a third biweekly payperiod. He also added that the experience through the 1st five months was the best in 14 years and that the last time we ended a year under 100% was in 1977-78. The 90% loss ratio at this point is a tremendous improvement over the 100% in 1983-84, the 110% in 1982-83 and the 113% loss ratio of 1981-82.

Initial PPO statistics for the 1st four months of the fiscal year reflect that the average paid for inpatient hospitalization is $719 per day versus $810 per day for the 83-84 fiscal year. This is occuring while the average charge per day for all inpatient hospitalization has increased by 15% year to date over the 83-84 fiscal year. The percentage of all inpatient hospitalization paid in 83-84 was 81% versus a 75% payout through the 1st four months of this year. In addition, PPO hospitals now represent 46% of all inpatient billings versus 35% last year; 47% of admissions versus 34% last year and 48% of hospital days versus 32% last year.

6. APPEALS COMMITTEE -

Commissioner Katz reported that the Committee considered nine (9) appeals and approved four (4) appeals, denied one (1) and continued four (4) cases. The Committee recommendations as reflected on Exhibit 'D' were presented to the Board for approval, Commissioner Johnson made a motion to adopt the recommendations of the Appeals Committee; seconded by Commissioner Gaggero. The motion passed unanimously.

7. SPECIAL COMMITTEE ON MAYOR'S INSURANCE DESK REQUEST

Commissioner Krueger reported that the special committee met and recommends to the Board that we comply with the Mayor's request to perform the service of providing City employees with insurance information for non-eligible dependents for a six-month period. A person on staff will be designated to gather insurance materials and keep a count of requests for such material with a report to go to the Mayor in six months. A motion to accept the Committee's recommendation was made by Commissioner Krueger; seconded by Commissioner Johnson. The motion passed 3-1 (Gaggero).

8. OLD BUSINESS - None

9. NEW BUSINESS - None

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The claims count has climbed to 1,807 claims as of December 7th caused primarily by loss of one claim processor who was on the City's safety net program and who was forced to take vacation. The employee was fortunate enough to find permanent employment in the private sector. A new processor has been hired but is not trained yet. Civil Service has approved our proposed plan to continue three (3) other individuals who were to be laid off on December 31st until June 30, 1985.

b. The Investment Report (Exhibit 'E') reflects the general decline in interest rates as two (2) Certificates of Deposit which matured in November at 11.30% were reinvested at only 10% causing the average current yield to drop from 11.21% to 10.92%.

c. The updated SELECT Health physician directory and an announcement about the agreements with the independent laboratories was sent out to all Bay Area Plan I members last week. A tentative agreement has been reached with Sonora Community and Sierra Hospitals with the assistance of SELECT Health and it is hoped that a proposed agreement can be brought to the Board in January. We are currently working on enlisting the active physicians on the hospital's staff.

d. Peat, Marwick, Mitchell and Co. will attend the January meeting to discuss the annual audit.

e. Discussions continue to go on with other independent laboratories regarding PPO agreements and future progress will be reported back to the Board.

11. ANNOUNCEMENTS -

a. Mr. Ben Hunter, Children's Hospital invited the Board out to see the new west wing of Children's Hospital including the coronary care unit.

b. Commissioner Gaggero made a motion of commendation for Commissioner Paretchan who was named Fireman of the Year by the Phoenix Society. Motion seconded by Commissioner Katz. The motion passed unanimously.

c. Mr. Smith announced on behalf of Commissioner Paretchan that the initial Rates and Benefits Committee meeting will be Thursday, December 20th at 2:00 P.M.

d. Mr. Frank Lucibello, Retired Employees Association, thanked the Board for their support for Proposition E.

e. The annual meeting of the Health Service Board was set for Thursday, January 24, 1985 at 6:00 P.M. in the Board meeting room.

f. New personnel were introduced to the Board from Children's Hospital, Kaiser, Bay Pacific and SELECT Health.

11. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 4:35 P.M. by President Bernstein.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE DECEMBER 11, 1984
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through November 30, 1984:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 3,172,372	$ 2,752,412	61%	87%
Retired Employees (NM)	1,322,757	1,112,650	101	84
Retired Employees (M)	816,491	756,117	79	93
Adult Dependents (NM)	1,772,946	1,468,066	58	83
Adult Dependents (M)	307,588	274,143	68	89
Minor Dependents	639,792	706,480	79	110
TOTAL	$ 8,031,946	$ 7,069,868	69%	88%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 342,831	$ 349,973	66%	102%
Retired Employees (NM)	172,305	178,136	86	103
Retired Employees (M)	388,640	429,945	95	111
TOTAL	$ 903,776	$ 958,054	81%	106%
(3) VISION CARE COVERAGES				
Active Employees	$ 193,445	$ 196,192	73%	101%
Retired Employees (NM)	54,485	55,275	107	101
Retired Employees (M)	115,881	86,765	68	75
TOTAL	$ 363,811	$ 338,232	76%	93%
(4) ALL COVERAGES				
Active Employees	$ 3,708,648	$ 3,298,577	62%	89%
Retired Employees (NM)	1,549,547	1,346,060	99	87
Retired Employees (M)	1,321,013	1,272,827	83	96
Adult Dependents (NM)	1,772,946	1,468,066	58	83
Adult Dependents (M)	307,587	274,143	68	89
Minor Dependents	639,792	706,480	79	110
TOTAL	$ 9,299,533	$ 8,366,153	70%	90%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JANUARY 8, 1985 - 4:00 P.M.

A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
   Gaggero, Joseph A. — Paretchan, Harry
   Johnson, F. Walter — Renne, Louise H.
   Katz, Robert A.

4. Minutes of Regular Meeting of December 11, 1984, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - R. Katz, Chairman

7. Rates and Benefits Committee - H. Paretchan, Chairman

8. Old Business -

9. New Business

   a. 1983-84 Annual Audit - Peat, Marwick, Mitchell & Co.
   b. Certification of Average Contribution for 1985-86 Fiscal Year.
   c. Hospital Room Rate Survey - Quarterly Report
   d. Consideration of Proposed Agreements:

      1. Sonora Community and Sierra Hospitals
      2. Wall Medical Group Laboratories
      3. Mills Memorial Hospital (Amendment)
      4. S.F.G.H. Medical Group (Non PPO)

   e. Consideration of Hospital Bill Audit Agreement

10. Executive Director's Report -

11. Announcements -

12. Adjournment

RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JANUARY 8, 1985 - 4:00 P.M.

DOCUMENTS DEPT.
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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT:	Bernstein, Abraham, M.D.	Katz, Robert
	Gaggero, Joseph	Krueger, George E.
	Johnson, F. Walter	Paretchan, Harry

EXCUSED: Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF DECEMBER 11, 1984, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Johnson and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of December 11, 1984, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Chuck Grunsky, Rael & Letson, reported that the overall experience reflects an 89% loss ratio, much better than projected with an 88% loss ratio for medical benefits; 105% for prescription drugs and 93% for the vision care benefit (Exhibit 'A'). We are running at a surplus of $1.17 million through December. Exhibit 'B' reflecting the claims comparison experience for the past four (4) years was also provided the Board.

6. APPEALS COMMITTEE -

Commissioner Katz reported that there were five (5) appeals heard of which two (2) appeals were continued and three (3) recommended for approval by the Committee. Commissioner Paretchan made a motion to accept the recommendations of the Appeals Committee as reflected on Exhibit 'C'. The motion was seconded by Commissioner Krueger and passed unanimously.

7. RATES AND BENEFITS -

Commissioner Paretchan reported that the Committee met on December 20, 1984 and heard presentations from five (5) Health Maintenance Organizations who wish to be offered to City employees (Chinese Community, Heals, HealthAmerica Rockridge, Lifeguard, and Maxicare Health Plans). The Committee also heard proposals for benefit improvements and changes for City Plan I. The next Committee meeting had not been set.

8. OLD BUSINESS - None

9. NEW BUSINESS -

a. 1983-84 Annual Audit - Peat, Marwick, Mitchell & Co.

Mr. Jack Lynn, Peat Marwick, presented the financial statements and management letter for the 1983-84 fiscal year. He made reference that the 1982-83 fiscal year financial statements included an emphasis paragraph because the System in the previous two fiscal years had incurred substantial deficits and there had been an erosion in net assets. The 83-84 fiscal year includes a standard accountants report or a clean opinion which removes the emphasis paragraph principally because the net assets of the System have gone from a decrease of approximately $2.2 million in 1982-83 to an increase of $1.4 million. The principal items which stand out as you look at the statements are the 25% increase in total additions while total deductions increased only 15%.

Mr. Tony Pohl, Peat, Marwick, spoke about the management letter which reflects any weakness in internal accounting control or a material inadequacy found in the course of the audit. He reported that no weaknesses were found. The management letter comments then relate to operational activities. The first comment involves the duties of the Chief Accountant and relates to the expanded duties of the Chief Accountant over the last two (2) years and the need for an additional accountant to insure that timely financial information is prepared and on line system implementation proceeds smoothly. Additional comments include previous recommendations which the System has responded to either by being in the process of implementing or plans will be made this current year to implement them.

9. NEW BUSINESS - (cont'd.)

b. Certification of Average Contribution for 1985-86 Fiscal Year -

Mr. Smith presented the results of the survey of the ten most populous counties (Exhibits 'D-1' & 'D-2') which reflected that the average contribution made by these counties for medical care for the employee only was $83.65 per month which is the amount to be certified to the Board of Supervisors for the 1985-86 fiscal year. This amount represents a 9.6% increase over the current year. We are projecting total contributions of $33.4 million this fiscal year on behalf of the City, School District and Community College District. The City's portion of that contribution is $24.6 million. Factoring in the 9.6% increase for 1985-86 would bring the City contribution cost to $27 million for active and retired employees not including additional monies for surviving spouses and dependents of nurses.

Commissioner Johnson made a motion to certify the monthly contribution rate of $83.65 to the Board of Supervisors pursuant to Charter Section 8.423, seconded by Commissioner Gaggero. The motion passed unanimously.

c. Hospital Room Rate Survey - Quarterly Report -

Mr. Smith reported the quarterly survey of hospital room rates (Exhibit 'E-1' and 'E-2') which reflected only two (2) changes since the last quarterly report. R. K. Davies increased its rates 01/01/85 to $365 from $350 and St. Francis increased its rates 12/01/84 to $475 from $445. The average semi-private room rate in San Francisco is now $406 per day. Report filed and no action taken.

d. Consideration of Proposed Agreements:

1. Sonora Community and Sierra Hospitals
2. Wall Medical Group Laboratories
3. Mills Memorial Hospital (Amendment)
4. S.F.G.H. Medical Group (Non PPO)

Mr. Smith presented the proposed agreements and background (Exhibit 'F'). After discussion, the following motions were made:

1. Sonora Community and Sierra Hospitals - A motion was made by Commissioner Gaggero and seconded by Commissioner Paretchan to approve the hospital agreement and utilization review agreement with Health Care Evaluation, Inc. subject to approval of the City Attorney. The motion passed unanimously.

9. NEW BUSINESS - (cont'd.)

2. Wall Medical Group Laboratories (Union Plaza Diagnostic Laboratories) - A motion to approve was made by Commissioner Paretchan, seconded by Commissioner Krueger. The motion passed unanimously.

3. Mills Memorial Hospital (amendment of existing agreement)- A motion to approve was made by Commissioner Johnson, seconded by Commissioner Paretchan. The motion passed unanimously.

4. S.F.G.H. Medical Group - A motion to approve was made by Commissioner Gaggero, seconded by Commissioner Paretchan. The motion passed unanimously.

e. Consideration of Hospital Bill Audit Agreement -

Mr. Smith presented for consideration a hospital bill audit program proposal from Blue Cross and Equifax, Inc., which proposals were previously provided to the Board. Mr. Smith recommended that the Board approve a Resolution (Exhibit 'G') to contract with Blue Cross. Commissioner Katz declared that he would not participate in the discussion or in any vote on the matter because of his employment with Blue Cross. Pursuant to Board Rules and Regulations requiring every Board member to vote on any issue before the body, unless excused by vote of the Board, President Bernstein entertained a motion excusing Commissioner Katz from participation in the discussion and vote on this issue, seconded by Commissioner Paretchan. The motion passed unanimously.

After discussion, Commissioner Gaggero made a motion to approve the proposed Resolution to engage the services of Blue Cross, subject to approval of the City Attorney, seconded by Commissioner Paretchan. The motion passed unanimously.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The outstanding claims count was 2,926 as of January 4th caused primarily by the status of the safety net program, the loss of one claim processor, the time required to train a new processor and the holidays.

b. Civil Service has approved extension of our three (3) safety net employees until June 30, 1985. They have emphasized that there will be no extension beyond that time.

c. A number of promotions to other City departments are occuring which we will cause some temporary instability. One accountant has already left on promotion; a Principal Clerk and Senior Clerk Typist are also leaving for promotional positions.

10. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

d. The automation program continues to progress with the claims system scheduled to be totally on the Wang system by July 1, 1985. The membership system is scheduled to be totally on the Wang no later than June 30, 1986. We have been having some cost overrun problems caused by personnel resource needs and the fact that we are paying for hardware which is being under utilized because many jobs are still being performed on the main frame IBM computer at City Hall. The cost overrun problem will have to be addressed in the near future.

e. The Investment Report (Exhibit 'H') reflects a continued decline in interest rates as a $300,000 Certificate of Deposit matured in December at 11.125% and was reinvested at 9%. The average current yield is down to 10.69% with average yield to date at 10.88%. Interest received to date is $411,746 not including accrued interest on pooled cash for December, 1984.

11. ANNOUNCEMENTS -

a. President Bernstein announced that the Annual Meeting will be on Thursday, January 24, 1985, at 6:00 PM in the Board meeting room.

b. President Bernstein read into the record a letter from the Retired Employees of the City and County of San Francisco thanking the Board for their support on behalf of Proposition E, the surviving spouse amendment.

c. Commissioner Gaggero read into the record a letter to Commissioner Paretchan from the Retired Employees of the City and County of San Francisco commending him for his chairmanship of the 1984 Chili Bowl Cook-off and raising over $50,000 for the mainline and for the burn center at St. Francis Hospital.

12. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 5:00 P.M. by President Bernstein.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE JANUARY 8, 1985
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through December 31, 1984:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 3,774,491	$ 3,353,077	100%	89%
Retired Employees (NM)	1,583,131	1,320,106	80	83
Retired Employees (M)	979,067	908,475	94	93
Adult Dependents (NM)	2,104,773	1,690,482	67	80
Adult Dependents (M)	368,985	317,206	70	86
Minor Dependents	758,396	788,882	69	104
TOTAL	$ 9,568,843	$ 8,378,228	85%	88%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 407,869	$ 414,228	99%	102%
Retired Employees (NM)	206,054	210,739	97	102
Retired Employees (M)	465,837	505,488	98	109
TOTAL	$ 1,079,760	$ 1,130,455	98%	105%
(3) VISION CARE COVERAGES				
Active Employees	$ 230,153	$ 231,413	96%	101%
Retired Employees (NM)	65,133	68,494	124	105
Retired Employees (M)	138,854	104,264	76	75
TOTAL	$ 434,140	$ 404,171	94%	93%
(4) ALL COVERAGES				
Active Employees	$ 4,412,513	$ 3,998,718	99%	91%
Retired Employees (NM)	1,854,319	1,599,338	83	86
Retired Employees (M)	1,583,758	1,518,227	93	96
Adult Dependents (NM)	2,104,773	1,690,482	67	80
Adult Dependents (M)	368,985	317,207	70	86
Minor Dependents	758,395	788,882	69	104
TOTAL	$ 11,082,743	$ 9,912,854	87%	89%

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HEALTH SERVICE SYSTEM
ANNUAL MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

THURSDAY - JANUARY 24, 1985 - 6:00 P.M.

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A G E N D A

1. CALL TO ORDER.
2. PLEDGE OF ALLEGIANCE.
3. ROLL CALL: BERNSTEIN, ABRAHAM, M.D.; GAGGERO, JOSEPH A.; JOHNSON, F. WALTER; KATZ, ROBERT A.; KRUEGER, GEORGE E.; PARETCHAN, HARRY; RENNE, LOUISE H.
4. PRESIDENT'S REMARKS - A. BERNSTEIN, M.D., PRESIDENT
5. COMMISSIONER'S REMARKS -
   a. APPEALS COMMITTEE - COMMISSIONER KATZ, CHAIRMAN
   b. RULES COMMITTEE - COMMISSIONER GAGGERO, CHAIRMAN
   c. RATES COMMITTEE - COMMISSIONER PARETCHAN, CHAIRMAN
   d. OTHER COMMISSIONERS
6. ACTUARY REMARKS -
7. EXECUTIVE DIRECTOR'S REMARKS -
8. INTRODUCTION OF CONTRACTORS AND EMPLOYEE ORGANIZATION REPRESENTATIVES -
9. PUBLIC COMMENTS -
10. ADJOURNMENT -

RANDALL B. SMITH
EXECUTIVE DIRECTOR

DIST. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - FEBRUARY 19, 1985 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of January 8, 1985, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - R. Katz, Chairman

7. Rates and Benefits Committee - H. Paretchan, Chairman

   a. Recommendation of Contract Plans, Rates and Benefit changes for 1985-86 Fiscal Year.

   b. Recommendations on City Plan I Rates and Benefit changes for 1985-86 Fiscal Year.

8. Budget Committee - F. W. Johnson, Chairman

   a. Recommendations on 1985-86 Administrative Budget

9. Old Business

10. New Business -

11. Executive Director's Report -

12. Announcements -

13. Adjournment -

Dist. 'C'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - FEBRUARY 19, 1985 - 4:00 P.M.

1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:05 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph
Johnson, F. Walter
Krueger, George E.
Paretchan, Harry

EXCUSED: Katz, Robert A.
Renne, Louise H.

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4. MINUTES OF REGULAR MEETING OF JANUARY 8, 1985, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of January 8, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson, reported the 1st seven months experience reflecting an overall 90% loss ratio and a $1.3 million increase in contingency reserve monies. The good experience also allows us to start setting rates for 1985-86 at a lower base (Exhibit 'A').

The claims experience four-year comparison was provided to the Board as is custom (Exhibit 'B').

6. APPEALS COMMITTEE -

Commissioner Gaggero, acting Appeals Chairman, reported that twelve (12) appeals were heard and one (1) continued. Commissioner Gaggero made a motion to adopt the recommendations of the Appeals Committee (Exhibit 'C'). Seconded by Commissioner Paretchan. The motion passed unanimously.

7. RATES AND BENEFITS -

a. Recommendation of Contract Plans, Rates and Benefit changes for 1985-86 Fiscal year.

Commissioner Paretchan reported that the Rates and Benefits Committee met three (3) times and reviewed a number of new health plans who wished to be offered to City employees. The Committee felt that given all circumstances, there was no overwhelming benefit to employees, the employer or the Trust Fund to expand the number of health plans at this time.

Ben Hunter, Children's Hospital Health Plan requested that the Board reconsider the recommendation of the Committee on the private office option health plan.

Commissioner Paretchan presented the recommendation of the Rates and Benefits Committee (Exhibit 'D-1', 'D-2', 'D-6' to 'D-9') on contract health plans for 1985-86. Commissioner Johnson made a motion to adopt the recommendation of the Committee; seconded by Commissioner Gaggero. The motion passed unanimously.

Commissioner Paretchan asked for a separate vote on the recommendation to exclude the Children's Hospital Health Plan Private Office option.. He made the motion to adopt the Committee recommendation; seconded by Commissioner Johnson. The motion carried on a 4 to 1 (Gaggero) vote.

b. Recommendations on City Plan I Rates and Benefit changes for 1985-86 Fiscal Year.

Commissioner Paretchan reviewed the rates and benefits recommendations (Exhibit 'D-1', 'D-3', 'D-4 and D-5') for the City Health Plan. He asked for a motion to adopt the Committee's rate recommendation. Commissioner Gaggero made a motion to adopt the rates as proposed; seconded by Commissioner Krueger. The motion passed unanimously.

Commissioner Paretchan then asked a motion to accept the benefit recommendations of the Committee. Commissioner Gaggero made a motion to adopt the benefits as proposed; seconded by Commissioner Johnson. The motion passed unanimously.

8. Budget Committee

a. Recommendations on 1985-86 Administrative Budget.

Commissioner Johnson reported that the Committee had not yet met.

9. OLD BUSINESS - None

10. NEW BUSINESS -

a. Mr. Smith requested that the Board approve an agreement with a free standing radiologist, Dr. J. Gwynne Wilson under the same terms and conditions as all other participating physicians in the PPO. After discussion, Commissioner Johnson made a motion to approve the agreement; seconded by Commissioner Gaggero. The motion passed unanimously.

11. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'E') reflects interest earnings of $574,000 through seven months. The average current yield remains at 10.69% and average yield to date at 10.85% on non-pooled cash. No Certificates matured during the month of January.

b. The claims backlog has increased to 4,232 claims or about eight working days. This problem has been primarily caused by personnel changes and should begin to be resolved with additional claim staff starting on February 25th and March 1st.

c. The Resolution establishing the contribution rate of $83.65 per month for 1985-86 passed the Board of Supervisors on February 4, 1985.

12. ANNOUNCEMENTS - None

13. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned by motion at 4:40 P.M. by President Bernstein.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE FEBRUARY 12, 1985
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through January 31, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 4,381,412	$ 3,897,978	90%	89%
Retired Employees (NM)	1,855,316	1,639,829	117	88
Retired Employees (M)	1,142,313	1,032,533	76	90
Adult Dependents (NM)	2,440,692	1,905,827	64	78
Adult Dependents (M)	431,092	366,980	80	85
Minor Dependents	878,333	929,374	117	106
TOTAL	$ 11,129,158	$ 9,772,521	89%	88%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 473,402	$ 485,372	109%	103%
Retired Employees (NM)	241,367	245,399	98	102
Retired Employees (M)	543,292	592,670	113	109
TOTAL	$ 1,258,061	$ 1,323,441	108%	105%
(3) VISION CARE COVERAGES				
Active Employees	$ 267,141	$ 265,754	93%	99%
Retired Employees (NM)	76,279	78,608	91	103
Retired Employees (M)	161,888	118,291	61	73
TOTAL	$ 505,308	$ 462,653	82%	92%
(4) ALL COVERAGES				
Active Employees	$ 5,121,956	$ 4,649,104	92%	91%
Retired Employees (NM)	2,172,961	1,963,836	114	90
Retired Employees (M)	1,847,493	1,743,493	85	94
Adult Dependents (NM)	2,440,692	1,905,827	64	78
Adult Dependents (M)	431,092	366,980	80	85
Minor Dependents	878,333	929,374	117	106
TOTAL	$ 12,892,527	$ 11,558,614	91%	90%

RAEL & LETSON
Consulting Actuaries

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MARCH 12, 1985 - 4:00 P.M.

A G E N D A

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1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
   Gaggero, Joseph A. — Paretchan, Harry
   Johnson, F. Walter — Renne, Louise H.
   Katz, Robert A.
4. Minutes of Regular Meeting of February 19, 1985, submitted for approval.
5. Actuarial Report - Rael & Letson
6. Appeals Committee - R. Katz, Chairman
7. Budget Committee - F. W. Johnson, Chairman
   a. Recommendations on 1985-86 Administrative Budget
8. Old Business
9. New Business -
10. Executive Director's Report -
11. Announcements -
12. Adjournment -

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MARCH 12, 1985 - 4:00 P.M.

1. CALL TO ORDER - Minutes

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph Paretchan, Harry
Johnson, F. Walter
Katz, Robert A.

ABSENT: Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF FEBRUARY 19, 1985, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded by Commissioner Krueger to approve the minutes of the Regular Meeting of February 19, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, reported the 1st eight months experience reflecting the maintenance of an overall 90% loss ratio. The medical program remained at 88% overall while the prescription drug program increased from 105% in January to 108% and the vision program went from 92% to 90% (Exhibit 'A').

The claims experience four-year comparison was provided to the Board as is custom (Exhibit 'B'). The reports were filed.

6. APPEALS COMMITTEE -

Commissioner Katz, reported that eight appeals were heard of which five were approved, two denied and one continued. Commissioner Katz made a motion to adopt the recommendations of the Appeals Committee (Exhibit 'C'). Seconded by Commissioner Gaggero. The motion passed unanimously.

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7. Budget Committee -

a. Recommendations on 1985-86 Administrative Budget.

Commissioner Johnson reported that the Budget Committee met and is recommending a budget of $1,908,808 which represents an increase of 15% over the existing budget. The largest items of increase are for an increase of five positions and data processing costs. Commissioner Johnson made a motion to adopt the budget (Exhibit 'D-1 - D-8') as presented; seconded by Commissioner Paretchan. Commissioner Gaggero made a motion to amend the budget as presented by increasing the travel request from $2,500 to $5,000; seconded by Commissioner Katz. The motion to accept the budget as amended passed unanimously.

8. OLD BUSINESS - None

9. NEW BUSINESS -

President Bernstein acknowledged a letter from SFPOA requesting improvement in the area of alcohol rehabilitation. It was a consensus of the Board to respond to the Association that the benefit structure for 1985-86 had already been set but that the question of coverage will be considered next year.

President Bernstein also acknowledged a letter from Seton Medical Center indicating their interest in some type of participation in a preferred provider arrangement. The matter was referred to the Rates and Benefits Committee.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'E') reflects interest earnings of $665,000 through eight months. The average current yield is 9.61% and the average yield fiscal year to date is 10.69% on non-pooled cash. A T-Bill for $199,000 matured during the month of February and was not reinvested by the Treasurer.

b. The claims backlog has been reduced to 3,320 from the 4,232 claims outstanding as of the last meeting.

c. Human Rights Commission has approved our MBE/WBE plan for 1984-85 and allowed a waiver on the actuarial contract until June 30, 1985.

d. Independent pharmacists have been calling relative to the recent increase by Medi-Cal in the prescription drug dispensing fee to $3.89 as of February 1st. Our current fee is $3.60 for Class II pharmacies and has been at that level since November, 1980. The question of their fee reimbursement will be referred to the Rates and Benefits Committee.

11. ANNOUNCEMENTS - None

12. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned by motion at 4:36 P.M. by President Bernstein.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE MARCH 12, 1985 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through February 28, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 4,980,749	$ 4,472,044	96%	90%
Retired Employees (NM)	2,124,319	1,893,809	94	89
Retired Employees (M)	1,306,176	1,132,097	61	87
Adult Dependents (NM)	2,776,328	2,140,479	70	77
Adult Dependents (M)	493,130	408,598	67	83
Minor Dependents	997,559	1,151,394	186	115
TOTAL	$ 12,678,261	$ 11,198,421	92%	88%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 538,191	$ 568,734	129%	106%
Retired Employees (NM)	276,382	286,993	119	104
Retired Employees (M)	621,303	691,662	127	111
TOTAL	$ 1,435,876	$ 1,547,389	126%	108%
(3) VISION CARE COVERAGES				
Active Employees	$ 303,709	$ 295,848	82%	97%
Retired Employees (NM)	87,359	88,351	88	101
Retired Employees (M)	185,156	132,405	61	72
TOTAL	$ 576,224	$ 516,604	76%	90%
(4) ALL COVERAGES				
Active Employees	$ 5,822,650	$ 5,336,626	98%	92%
Retired Employees (NM)	2,488,061	2,269,153	97	91
Retired Employees (M)	2,112,635	1,956,163	80	93
Adult Dependents (NM)	2,776,328	2,140,479	70	77
Adult Dependents (M)	493,130	408,598	67	83
Minor Dependents	997,559	1,151,394	186	115
TOTAL	$ 14,690,363	$ 13,262,413	95%	90%

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HEALTH SERVICE SYSTEM
RESCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - APRIL 16, 1985, - 4:00 P.M.

A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. Krueger, George E.
   Gaggero, Joseph A. Paretchan, Harry
   Johnson, F. Walter Renne, Louise H.
   Katz, Robert A.
4. Minutes of Regular Meeting of March 12, 1985, submitted for approval.
5. Actuarial Report - Rael & Letson
6. Appeals Committee - R. Katz, Chairman
7. Rates and Benefits Committee - H. Paretchan, Chairman
8. Rules Committee - J. Gaggero, Chairman
9. Old Business -
10. New Business -
11. Executive Director's Report -
12. Announcements -
13. Adjournment -

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NOTE: The Regular Meeting of the Health Service Board scheduled for Tuesday, April 9, 1985 has been rescheduled due to lack of a quorum.

Dist. 'C'

Minutes

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - APRIL 16, 1985 - 4:00 P.M.

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1. CALL TO ORDER -

The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph Paretchan, Harry
Johnson, F. Walter
Katz, Robert A.

ABSENT: Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF MARCH 12, 1985, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of March 12, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael reported that the experience for the month of March was 112% which increased the year to date loss ratio from 90% to 93% (Exhibit 'A'). March is traditionally a heavier month for claims expenditures as illustrated by monthly loss ratios of 115% in 83-84, 126% in 82-83, and 154% in 81-82. The comparison of claims expenditures (Exhibit 'B') was also provided to the Board. The actuarial report was filed.

6. APPEALS COMMITTEE -

Commissioner Katz, reported that the Appeals Committee heard ten appeals including four to add dependents, two to lift exemptions, three to transfer health plans and one for reinstatement into the System. Commissioner Katz made a motion that the Board adopt the recommendations (Exhibit 'C') of the Appeals Committee. Seconded by Commissioner Krueger. The motion was adopted unanimously.

RATES AND BENEFITS COMMITTEE - Commissioner Paretchan reported that the Committee met on March 22nd and had on its agenda three items involving the Prescription Drug Program dispensing fees and mail order program; Preferred Provider participation requests and Preferred Provider fees and copayment requirements.

Commissioner Paretchan made a motion that the Board adopt the recommendations (Exhibit 'D') of the Committee. Seconded by Commissioner Johnson. The motion passed unanimously.

Mr. Smith raised the issue of whether the mail order copayment should be changed. The issue was not settled in Committee. An analysis of cost presented to the Board reflected that any copayment reduction would not reduce the program cost even with an increase in mail order volume. It was his recommendation that the present copayment of $4.00 be maintained. Commissioner Paretchan made a motion to retain the current copayment of $4.00 on the mail order program. The motion was seconded by Commissioner Johnson. The motion passed unanimously.

8. RULES COMMITTEE - Mr. Smith reported for Commissioner Gaggero that the Committee met on April 2nd and has recommended proposed changes to the Rules and Regulations of the System to be effective upon passage and to the Rules of Coverage of City Health Plan I to be effective July 1, 1985 (Exhibit 'E1'-'E69').

Commissioner Gaggero made a motion to accept the recommendations of the Rules Committee on the Rules and Regulation changes to be effective upon passage and the Rules of Coverage for City Plan I to be effective July 1, 1985. The motion was seconded by Commissioner Paretchan. The motion passed unanimously.

Mr. Smith reported that the Committee recommended approval to offer the amended Preferred Provider Professional Service Agreement to the physicians in the PPO network to be effective July 1, 1985.

Commissioner Paretchan made a motion to accept the Rules Committee recommendation to offer the amended Professional Services Agreement to participating preferred provider physicians. The motion was seconded by Commissioner Gaggero. The motion passed unanimously.

9. OLD BUSINESS - None

10. NEW BUSINESS -

a. Hospital Room Rate Survey -

Mr. Smith reported that the quarterly report (Exhibit 'F1'-'F2') reflects only one rate change and that is for John Muir Hospital which raised its rate from $325 to $345 on January 1, 1985. The report was filed with no action taken.

b. Amendment to Existing Mills Hospital Agreement to Include Peninsula Hospital -

Mr. Smith presented the proposal of Mills Hospital to assign the current agreement with Mills to include Peninsula Hospital effective with services on and after April 11, 1985 and covering through June 30, 1985. The hospitals merged on February 1, 1985 and Peninsula will be a participant in the PPO on July 1, 1985 in any event. The assignment would provide the financial benefits to the System and members using Peninsula Hospital at this earlier date. Commissioner Paretchan made a motion to approve the amendment to the Mills Hospital agreement effective April 11, 1985. The motion was seconded by Commissioner Krueger. The motion passed unanimously.

c. President Bernstein introduced a resolution (Exhibit 'G') of the Board approving attendance of the Executive Director and Commissioner Katz at the League of California Cities Health Care Workshop on May 16-17, 1985. Motion was made by Commissioner Gaggero to approve the resolution; seconded by Commissioner Paretchan. The motion passed unanimously.

11. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The investment report (Exhibit 'H') reflects that three certificate of deposits matured during March and were reinvested at lower rates reflecting the ongoing downward trend of interest rates. The CDs were reinvested for short terms of 90 to 120 days in the hope that the rate decline will reverse itself. Interest from all sources year to date reflects receipts of $810,000.

b. The medical claims outstanding were 1,953 as of April 12th reflecting a reduction in the backlog from the previous month's report of 3,320 claims.

c. The health plans and contribution rates for 1985-86 were approved by the Board of Supervisors on April 15th.

d. The Blue Cross Hospital Audit Agreement has just now been finalized because of language agreement problems.

e. Twenty-seven physicians in the Sonora area have signed agreements to participate in the PPO for Hetch Hetchy employees and employees will shortly be receiving informational packets on the program.

f. The plan is to mail out the Comparison of Health Plans brochure to all active and retired employees along with a promotional brochure on the PPO as well as for the first time a postal card to initiate open enrollment changes by mail.

g. Children's Hospital, French Hospital and Bay Pacific also plan to mail out promotional materials.

h. The Clerk of the Board advises us that May 20th is the last day for introduction of proposed Charter Amendments for November, 1985.

i. We have received formal proposals from Seton Hospital, International Clinical Labs and City Diagnostics which will be presented to the Rates and Benefits Committee.

j. Mr. Bruce Gorman of Select Health addressed the Retired Employees Association at its April monthly meeting and the Executive Director will be addressing the Retired Teachers Association on April 17th.

12. ANNOUNCEMENTS -

a. Commissioner Paretchan asked that the issue of whether the Board should request the introduction of a dental charter amendment be considered at the next Board meeting.

b. President Bernstein advised the Board that the Mayor has invited them to attend a reception April 16th in City Hall in honor of the National Black Public Administrators.

c. Tom McDonough of the Retired Employees Association thanked Bruce Gorman for coming to address the retired employees.

13. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 4:45 P.M. by motion of Commissioner Johnson; seconded by Commissioner Paretchan.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE APRIL 16, 1985
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through March 31, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 5,580,922	$ 5,050,812	96%	91%
Retired Employees (NM)	2,381,424	2,289,421	154	96
Retired Employees (M)	1,468,948	1,270,240	85	86
Adult Dependents (NM)	3,105,149	2,554,870	126	82
Adult Dependents (M)	554,182	463,628	90	84
Minor Dependents	1,114,559	1,289,324	118	116
TOTAL	$ 14,205,185	$ 12,918,295	113%	91%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 602,989	$ 641,193	112%	106%
Retired Employees (NM)	309,675	323,014	108	104
Retired Employees (M)	698,561	777,656	111	111
TOTAL	$ 1,611,226	$ 1,741,863	111%	108%
(3) VISION CARE COVERAGES				
Active Employees	$ 340,283	$ 329,262	91%	97%
Retired Employees (NM)	97,857	102,289	133	105
Retired Employees (M)	208,139	149,983	76	72
TOTAL	$ 646,279	$ 581,535	93%	90%
(4) ALL COVERAGES				
Active Employees	$ 6,524,194	$ 6,021,268	98%	92%
Retired Employees (NM)	2,788,956	2,714,724	148	97
Retired Employees (M)	2,375,649	2,197,879	92	93
Adult Dependents (NM)	3,105,149	2,554,870	126	82
Adult Dependents (M)	554,182	463,628	90	84
Minor Dependents	1,114,559	1,289,324	118	116
TOTAL	$ 16,462,690	$ 15,241,693	112%	93%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MAY 14, 1985, - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of April 16, 1985, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - R. Katz, Chair

7. Old Business -

8. New Business -

a. Status Report on Open Enrollment
b. Consideration of Renewal of Hospital Agreements for 1985-86 Fiscal Year

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - MAY 14, 1985 - 4:00 P.M.

1. CALL TO ORDER -

President Bernstein brought the meeting to order at 4:40 P.M. following an Appeals Committee meeting.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph
Johnson, F. Walter
Katz, Robert A.
Krueger, George E.
Paretchan, Harry

EXCUSED: Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF APRIL 16, 1985, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Johnson and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of April 16, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Tito Rael, Rael & Letson reported that the medical benefit loss ratio for the month was 101% which raised the year to date by 1% to 92%. The prescription drug benefit was at 121% and 110% year to date. The vision care benefit was at 77% for the month and 88% year to date, and the overall plan was at 102% for the month and 94% year to date (Exhibit 'A'). The four years revenue and expenditures comparison (Exhibit 'B') was also provided to the Board.

6. APPEALS COMMITTEE -

Commissioner Katz reported that five appeals were heard of which three were continued and one approved. One additional appeal was approved on clarification of a previous Board decision. Commissioner Katz made a motion to accept the recommendations of the Appeals Committee (Exhibit 'C'), seconded by Commissioner Paretchan. The motion was adopted unanimously.

7. OLD BUSINESS -

a. Commissioner Paretchan made a motion that the Health Service Board request the introduction of a Charter Amendment for the November 1985 election providing for funding of a dental plan for all active and retired City employees. The motion was seconded by Commissioner Gaggero. The motion was passed unanimously. The Retired Employees Association will be meeting with Supervisor Kennedy to request introduction of the amendment.

8. NEW BUSINESS -

a. Status Report on Open Enrollment -

Mr. Smith reported that there has been a delay in getting the open enrollment materials to all employees because of a vendor problem. The Board agreed to allow an informal grace period at the end of May because of the mailing delay.

The preliminary statistics (Exhibits 'D-1' & 'D-2') which cover approximately five working days reflect that Plan I has increased by 44 net subscribers and 139 people overall with Bay Pacific as the only other plan with a net increase in subscribers with 13 and 49 people overall. Kaiser Health Plan has a net increase of 70 people overall because of the usual large influx of new dependents.

b. Consideration of Renewal of Hospital Agreements for 1985-86 Fiscal Year -

Mr. Smith reported that Commissioner Gaggero and Commissioner Krueger met with him at the direction of the President to review the PPO hospital proposals for the 1985-86 fiscal year. The task force concluded and recommended that the hospital agreements with Children's, PMC, St. Mary's, Alta Bates/Herrick, John Muir, and Mills/Peninsula be approved for the new fiscal year. There were reservations expressed about the exclusivity aspects in some of the hospital proposals especially in relation to an attractive initial proposal from Seton Medical Center.

Commissioner Katz asked in the form of a motion thatr action on the agreements be deferred until the June meeting to further review the Seton proposal. Commissioner Gaggero, who was on the task force supported and seconded Commissioner Katz's request. Commissioner Krueger stated for the record that he stood on the task force's original recommendation. The motion to defer action was adopted unanimously.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'E') through April 30, 1985 reflects that one CD matured in April yielding 11 1/2% and was reinvested at 9 1/8% again reflecting a continuing downward trend in interest rates.

The average current yield dropped from 9.85% to 9.55% and the average yield fiscal year to date dropped from 10.73% to 10.62%. The interest earnings year to date approximate $872,000.

b. The outstanding medical claims count is down to 1,040 claims or approximately 2 days backlog. This is a substantial decline from the January report of over 4,000 outstanding claims.

c. The on line claims processing system is still scheduled to begin July 1st resulting in a transition of all claims data processing from the City Hall mainframe IBM computer to the on site Wang mini computer.

10. ANNOUNCEMENTS - None

11. ADJOURNMENT -

President Bernstein recognized Commissioner Johnson who made a motion that the meeting be adjourned with a moment of silence in memory of John Ortelle, Manager of the San Francisco City Employees Credit Union who passed away on Sunday. The meeting adjourned at 5:04 P.M. in memory of Mr. Ortelle.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE MAY 14, 1985
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through April 30, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 6,402,387	$ 5,730,623	83%	90%
Retired Employees (NM)	2,649,038	2,686,120	148	101
Retired Employees (M)	1,633,330	1,439,624	103	88
Adult Dependents (NM)	3,519,279	2,893,666	82	82
Adult Dependents (M)	618,870	517,308	83	84
Minor Dependents	1,268,798	1,557,307	174	123
TOTAL	$ 16,091,702	$ 14,824,648	101%	92%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 691,745	$ 733,811	104%	106%
Retired Employees (NM)	344,667	368,799	131	107
Retired Employees (M)	777,039	884,308	136	114
TOTAL	$ 1,813,451	$ 1,986,918	121%	110%
(3) VISION CARE COVERAGES				
Active Employees	$ 390,375	$ 363,162	68%	93%
Retired Employees (NM)	108,967	114,227	107	105
Retired Employees (M)	231,614	169,091	81	73
TOTAL	$ 730,956	$ 646,480	77%	88%
(4) ALL COVERAGES				
Active Employees	$ 7,484,507	$ 6,827,596	84%	91%
Retired Employees (NM)	3,102,672	3,169,146	145	102
Retired Employees (M)	2,641,984	2,493,022	111	94
Adult Dependents (NM)	3,519,279	2,893,666	82	82
Adult Dependents (M)	618,870	517,308	83	84
Minor Dependents	1,268,798	1,557,307	174	123
TOTAL	$ 18,636,110	$ 17,458,045	102%	94%

EXHIBIT 'B'

CLAIMS EXPERIENCE - FOUR YEAR COMPARISON

BY MONTH

	1981 - 82			1982 - 83			1983 - 84			1984 - 85		
	CONTRIBUTIONS	CLAIMS	L/R	CONTRIBUTIONS	CLAIMS	L/R	CONTRIBUTIONS	CLAIMS	L/R	CONTRIBUTIONS	CLAIMS	L/R
July	$ 1,129,560	$ 1,260,907	111%	$ 1,341,907	$ 1,719,912	128%	$ 1,506,023	$ 1,402,103	93%	$ 1,751,554	$ 1,646,486	94%
August	2,395,892	2,704,092	113%	2,660,957	3,232,155	121%	3,038,391	3,206,404	105%	3,482,194	3,413,155	98%
September	3,595,445	3,957,498	110%	4,073,194	4,735,316	116%	4,624,606	4,974,376	108%	5,264,371	4,910,115	93%
October	4,771,869	5,354,385	112%	5,472,512	6,230,867	114%	6,184,630	6,654,401	108%	7,048,383	6,780,325	96%
November	5,934,526	6,683,578	113%	7,117,479	7,829,462	110%	8,074,705	8,049,285	100%	9,299,533	8,366,153	90%
December	7,397,839	7,914,228	107%	8,469,412	9,411,859	111%	9,693,051	9,941,856	103%	11,082,743	9,912,854	89%
January	8,615,093	9,020,171	104%	9,891,942	10,888,630	110%	11,238,563	11,551,676	103%	12,892,527	11,558,614	90%
February	9,814,465	10,321,584	105%	11,310,859	12,349,661	109%	12,843,710	13,003,829	101%	14,690,363	13,262,414	90%
March	11,021,797	12,118,794	110%	12,689,312	14,090,469	111%	14,442,634	14,841,773	103%	16,462,690	15,241,693	93%
April	12,216,898	13,358,372	109%	14,044,949	15,652,141	111%	15,993,401	16,835,752	105%	18,636,110	17,458,045	94%
May	13,405,417	14,908,959	111%	15,703,736	17,476,480	111%	17,893,309	18,152,995	101%			
June	14,844,779	16,533,985	111%	17,070,723	19,260,064	113%	19,475,336	20,372,866	105%			
				+14% *	+16% *		+14% *	6% *		16.5%*	3.7%*	

* Percentage increase in revenues and expenditures over previous fiscal year.

EXHIBIT "C"

HEALTH SERVICE SYSTEM
APPEALS COMMITTEE MEETING
OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO

HELD AT

1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY, MAY 14, 1985 - 2:30 P.M.

A G E N D A

APPEALS COMMITTEE

Robert A. Katz, Chair

Joseph A. Gaggero

George E. Krueger

Harry Paretchan

Abraham Bernstein, M.D. - Ex-officio

		COMMITTEE RECOMMENDATIONS
ITEM NO. 1	APPEAL FOR MEDICAL BENEFIT COVERAGE	
	a. Richard Brongel, HSS No. 99443-00	Continued (3-1 Krueger)
	b. Timothy Armistead, HSS No. 44689-00	Continued (3-1 Krueger)
2	APPEAL TO CHANGE HEALTH PLANS	
	a. Alfred Giannini, HSS No. 99379-00 (Kaiser to Plan I and add dependent)	Continued
3	APPEAL TO LIFT EXEMPTION	
	a. Jack Philpot, HSS No. 89570-00	Approve**

The Committee also clarified their 1981 ruling on the Dennis Wong case (HSS No. 38038-03) to approve benefit coverage.

*Approve if contractual arrangement can be worked out on a global fee basis acceptable to all parties.

**Effective June 1, 1985

CRTSTATION 0 - USER YHL - YUCHIH LEE

EXHIBIT "D-1"

2:32:44 PM TUESDAY MAY 14, 1985

H3D120 OPEN ENROLLMENT STATISTICS SCREEN 1

DATE: 05 14 85

	DAILY CHANGES: EMPLOYEES	DEPENDENTS CHANGED	DEPENDENTS ADDED	TOTAL	RUNNING BALANCE: EMPLOYEES	DEPENDENTS CHANGED	DEPENDENTS ADDED	TOTAL
PLAN 1	16	13	15	50	44	40	55	139
2	7-	10-	21	4	22-	27-	119	70
3	8-	10-	6	12-	11-	20-	13	13-
4	3-	1-	1	3-	8-	7	12	11
5	2	3	1	6	13	0	36	49
E	0	0	0	0	16-	0	0	16-
TOTAL	0	0	45	45	0	0	235	235

(ENTER) GET DATE

PF(16) EXIT

REPORT NO. : HSD125

EXHIBIT "D-2"

HEALTH SERVICE SYSTEM
1212 MARKET STREET
SAN FRANCISCO, CA 94102
MEMBERSHIP: (415) 553-4322

SUMMARY OF CHANGES AS OF 05-14-85

EMPLOYEES FROM:

TO:	PLAN 1	PLAN 2	PLAN 3	PLAN 4	PLAN 5	PLAN E	TOTAL
PLAN 1		42	14	12	11	8	87
PLAN 2	24		3	4	5	9	50
PLAN 3	3	7		5	1		16
PLAN 4	3	10	1		2	1	17
PLAN 5	9	13	4	4		3	33
PLAN E	4				1		5
TOTAL	43	72	27	25	20	21	208

DEPENDENTS FROM:

TO:	PLAN 1	PLAN 2	PLAN 3	PLAN 4	PLAN 5		ADD	TOTAL	GRAND TOTAL
PLAN 1		21	20	4	3	48	72	120	207
PLAN 2	2		1		1		131	135	185
PLAN 3		3					13	16	32
PLAN 4		3			10		12	25	42
PLAN 5	5	4	2	2			39	53	86
CANCEL	17	11			3			31	
TOTAL	25	42	23	6	17		267		
GRAND TOTAL	68	114	50	31	37				

EXHIBIT "E"

ALTH SERVICE SYSTEM TRUST JND
As of April 30, 1985

INVESTMENT REPORT

BANK	CODE	PRINCIPAL AMOUNT	INT.RATE	TERMS	MAT. DATE
Bk.of Trade	20	500,000	11.00	365 days	10-29-85
Barclays Bk.	75	1,250,000	9.145	90 days	06-03-85
Golden State Sanwa Bank	230	500,000	9.125	120 days	07-03-85
Bk. of Canton	45	300,000	9.00	181 days	06-17-85
Mitsubishi Bk	190	1,000,000	9.03	90 days	06-11-85
Bk. of Canton	45	350,000	9.125	91 days	07-02-85
Bk. of Canton	45	700,000	10.00	182 days	05-06-85
Bk. of Canton	45	300,000	10.00	182 days	05-06-85
Total Non-Pooled Cash		4,900,000			

Average Current Yield	9.55%
Average Yield Fiscal Year-to-Date	10.62%
Interest Rec. Fiscal Year-to-Date (Non-pooled cash)	409,451.59
Accrued Int. on Pooled Cash (thru March, 1985)	218,422.22
Interest Rec'd. on Pooled Cash (March, 1985)	244,240.21

	Non-Pooled Cash Ave.Current Yield		Non-Pooled Cash Ave.Yield To Date		All Sources Int.Rec. FY To Date	
	1984-85	1983-84	1984-85	1983-84	1984-85	1983-84
JULY	10.53%	9.35%	10.53%	9.35%	57,762.51	-0-
AUGUST	10.69%	9.48%	10.61%	9.42%	116,509.41	3,767.36
SEPTEMBER	11.21%	9.48%	10.81%	9.44%	218,048.28	121,319.96
OCTOBER	11.21%	9.29%	10.91%	9.40%	284,366.00	121,640.79
NOVEMBER	10.92%	9.29%	10.91%	9.38%	355,602.49	135,602.60
DECEMBER	10.69%	9.28%	10.88%	9.36%	411,746.42	242,054.85
JANUARY	10.69%	9.28%	10.85%	9.36%	574,028.05	243,545.11
FEBRUARY	10.85%	9.28%	10.84%	9.34%	665,383.14	243,545.11
MARCH	9.85%	9.78%	10.73%	9.39%	810,857.76	579,935.60
APRIL	9.55%	10.14%	10.62%	9.47%	872,114.02	620,407.46

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JUNE 11, 1985, - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of May 14, 1985, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - R. Katz, Chair

7. Old Business -

   a. Final Report on Open Enrollment

   b. Consideration of Renewal of Preferred Provider Hospital Agreements for 1985-86 Fiscal Year.

8. New Business -

   a. Consideration of initial Preferred Provider Hospital Agreements for 1985-86 Fiscal Year

   b. Consideration of Agreements with Other Health Professionals

   c. Consideration of Renewal of Administrative Agreement with Select Health

   d. Nomination and Election of President and Vice-President, Health Service Board as provided in Part I-A Rules and Regulations.

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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#2
7/9/85

Documents

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JULY 9, 1985, - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D.
   Gaggero, Joseph A.
   Johnson, F. Walter
   Katz, Robert A.
   Krueger, George E.
   Paretchan, Harry
   Renne, Louise H.

4. Minutes of Regular Meeting of May 14, 1985, submitted for approval.

5. Actuarial Report - Rael & Letson

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6. Appeals Committee - R. Katz, Chair

7. Old Business -

   a. Final Report on Open Enrollment

   b. Consideration of Renewal of Preferred Provider Hospital Agreements for 1985-86 Fiscal Year.

8. New Business -

   a. Consideration of initial Preferred Provider Hospital Agreements for 1985-86 Fiscal Year

   b. Consideration of Agreements with Other Health Professionals

   c. Consideration of Renewal of Administrative Agreement with Select Health

   d. Nomination and Election of President and Vice-President, Health Service Board as provided in Part I-A Rules and Regulations.

   e. Hospital Room Rate Survey - Quarterly Report

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

Dist. 'C'

SF
H25
#3
9/85

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JULY 9, 1985 - 4:00 P.M.

1. CALL TO ORDER -

The regular meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph
Johnson, F. Walter
Katz, Robert A.
Paretchan, Harry
Renne, Louise

EXCUSED: Krueger, George E.

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4. MINUTES OF REGULAR MEETING OF MAY 14, 1985, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Johnson and seconded by Commissioner Gaggero to approve the minutes of the Regular Meeting of May 14, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Rael reported that the final report for the fiscal year reflects a loss ratio of 97%. The target loss ratio for the year was 102% which means we have had one of our few favorable years in the last five years. The prescription drug experience at 111% for the year was the only benefit which ended the year on the negative side even with a 15% inflation factor in the rates (Exhibit "A").

Exhibit "B", the Four-Year Claims Experience was provided the Board reflecting an overall increase in claims costs of only 5% for the year compared to the approximately 10% (factoring in the major medical copayment reduction of 85 to 80%) for the 1983-84 year and 16% for the 1982-83 fiscal year.

5. ACTUARIAL REPORT (cont'd.)

A report (Exhibit "C") on inpatient hospital costs was provided to the Board reflecting that the health plan paid on average a total of 84% of billed charges in 1983-84 with the patient paying 16% of the cost. In contrast, the Plan paid a total of only 76% of all charges in 1984-85 with the PPO contracts. The payout to PPO hospitals alone was 66% of billed charges with the other 34% being written off by the hospitals. This resulted in dollar savings of about $1.2 million ($616,000 for the Plan and $619,000 for the patient). Overall benefits paid per day of hospitalization increased only 3% from $771 per day to $795.

The PPO hospitals which represented 34% of all admissions and 32% of all patient days in 1983-84 jumped to 46% of all admissions and 46% of patient days in 1984-85. The length of hospital stay did creep up slightly overall to 5.02 from 4.95 in 1983-84 but was still dramatically lower than the 5.82 days in 1981-82 and 5.26 days in 1982-83.

6. APPEALS COMMITTEE -

Commissioner Katz reported the appeals heard in June and July as reflected on Exhibits "D" and "E" and made a motion to adopt the recommendations of the Appeals Committee. Seconded by Commissioner Paretchan. The motion passed unanimously.

7. OLD BUSINESS -

a. Final Report on Open Enrollment -

Mr. Smith reported that the open enrollment period turned out successfully for the City Plan in that a net increase of 409 employees and 930 dependents resulted. This trend reversed the net disenrollment experienced since 1981. The total population gain of 1,369 people far outdistanced Bay Pacific, the closest competitor with a net increase of 346 people. Exhibit "F1-F3" was provided to the Board.

b. Consideration of Renewal of Preferred Provider Hospital Agreements for 1985-86 Fiscal Year -

Mr. Smith presented the renewal proposals for all existing PPO hospitals with the exception of Marin General which is held in abeyance because of a negotiation problem. After discussion, a motion was made by Commissioner Paretchan to approve the offering of the hospital agreements as proposed, seconded by Commissioner Gaggero. The motion passed unanimously.

8. NEW BUSINESS -

a. Consideration of Initial Preferred Provider Hospital Agreements for 1985-86 Fiscal Year-

The proposed agreements for the new hospitals in the network (Novato Community, Petaluma Valley and Santa Rosa Memorial) were presented. After discussion of the agreements, Commissioner Paretchan made a motion to approve the offering of the hospital agreements as proposed; seconded by Commissioner Gaggero. The motion passed 5-1 (Katz).

b. Consideration of Agreements with other Health Professionals -

Presentations were made by three providers wishing to participate in the preferred provider program. The independent laboratories of International Clinical Labs and City Diagnostic Labs and Immediate Care, an urgent care center.

A motion was made by Commissioner Paretchan to approve an agreement with International Clinical Labs; seconded by Commissioner Gaggero. The motion passed unanimously.

A motion was made by Commissioner Katz, seconded by Commissioner Johnson to refer the proposal of Immediate Care to the Rates and Benefits Committee for further study. The motion passed unanimously.

A motion was made by Commissioner Johnson to approve the City Diagnostic agreement. The motion failed for lack of a second.

A motion was made by Commissioner Katz; seconded by Commissioner Paretchan to refer the proposal of City Diagnostics to the Rates and Benefits Committee for further study. The motion passed unanimously.

c. Consideration of Renewal of Administrative Agreement with Select Health -

The renewal of the administrative agreement was presented at the rate of $3,750 per month with the staff recommendation that the rate remain at the same level for the 1986-87 Fiscal Year should the agreement be renewed. Commissioner Katz made a motion to approve the offering of the agreement subject to the two-year rate freeze; seconded by Commissioner Paretchan. The motion passed unanimously.

d. Nomination and Election of President and Vice-President, Health Sevice Board as provided in Part I-A Rules and Regulations -

8. NEW BUSINESS (cont'd.)

Commissioner Paretchan made a motion nominating Commissioner Gaggero for President and Commissioner Katz for Vice President for the 1985-86 Fiscal Year; seconded by Commissioner Johnson. There being no other nominations, the nominations were closed. The motion of nomination passed unanimously.

NOTE: Commissioner Renne left the meeting at this time.

e. Hospital Room Rate Survey - Quarterly Report -

Mr. Smith presented the quarterly survey (Exhibit "G") reflecting that the average semi-private rate in San Francisco is now $426 per day. The current maximum rate covered by Plan I is $380 per day. The staff recommendation was to increase the rate to at least $400 per day at a projected annual cost of $42,000. Commissioner Paretchan made a motion increasing the major medical maximum covered to $400 per day effective July 1, 1985; seconded by Commissioner Johnson. The motion passed unanimously.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibits "H" & "I") reflects that $1.1 million in interest has been collected or accrued during the 1984-85 fiscal year with the accrued interest on pooled cash for June still not booked. Three CD's matured in June which were yielding in excess of 9% interest and they have been reinvested at rates in excess of 7% reflecting the continuing downward trend in interest rates. The fiscal year average yield on non-pooled cash was 10.35% with the average yield on June 30th at 8.69%. The May report was also provided because of the cancellation of the June meeting.

b. The medical claims outstanding count has risen dramatically from 621 claims in late June to 3,142 claims as of July 5th. The backlog has been caused by the transitioning of the computer system from the IBM mainframe at City Hall to the onsite Wang mini computer on July 1st.

c. The 1985-86 budget request for 5 new positions was denied by the Mayor. The Board was asked to approve a request to curtail telephone communication access to the Claims and Membership Divisions during the hours of 8-9 AM and 4-5 PM as soon as it is feasible to do so because of the work volume and staffing shortages of the department. Commissioner Gaggero made a motion approving the action; seconded by Commissioner Johnson. The motion passed unanimously.

9. EXECUTIVE DIRECTOR'S REPORT (cont'd.)

d. The Charter amendment for a dental plan has been put over by the Board of Supervisors to their July 22nd meeting.

e. Seton Medical Center has sent a memorandum to its staff physicians stating that they will write off deductibles of up to $300 per family and copayment responsibilities of up to 20% for all hospital admissions of SELECT Health beneficiaries. This action was taken unilaterally by the hospital absent any contract with the System.

f. A public relations draft involving the System which SELECT Health wishes to release was presented to the Board. After discussion, the Board took no action to approve the release at this time.

g. The City Plan benefit booklet for 1985-86 and an updated directory of PPO physicians will be sent to all members by the end of July.

10. ANNOUNCEMENTS -

President Bernstein announced Mayor Feinstein's reappointment of Commissioner Katz to a new five-year term.

11. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 5.28 PM by motion of Commissioner Johnson; seconded by Commissioner Paretchan.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE JULY 9, 1985 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1984 through June 30, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 7,644,248	$ 6,964,588	85%	91%
Retired Employees (NM)	3,166,549	3,346,450	130	106
Retired Employees (M)	1,960,651	1,782,653	104	91
Adult Dependents (NM)	4,189,663	3,717,955	95	89
Adult Dependents (M)	743,957	659,364	93	89
Minor Dependents	1,511,768	1,817,068	96	120
TOTAL	$ 19,216,837	$ 18,288,078	98%	95%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 825,851	$ 893,198	114%	108%
Retired Employees (NM)	411,710	450,013	119	109
Retired Employees (M)	932,763	1,070,814	115	115
TOTAL	$ 2,170,325	$ 2,414,025	116%	111%
(3) VISION CARE COVERAGES				
Active Employees	$ 466,067	$ 436,934	100%	94%
Retired Employees (NM)	130,118	137,650	124	106
Retired Employees (M)	278,037	206,341	92	74
TOTAL	$ 874,221	$ 780,925	101%	89%
(4) ALL COVERAGES				
Active Employees	$ 8,936,167	$ 8,294,721	89%	93%
Retired Employees (NM)	3,708,377	3,934,114	129	106
Retired Employees (M)	3,171,451	3,059,808	106	96
Adult Dependents (NM)	4,189,663	3,717,955	95	89
Adult Dependents (M)	743,957	659,364	93	89
Minor Dependents	1,511,768	1,817,068	96	120
TOTAL	$ 22,261,383	$ 21,483,028	100%	97%

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - AUGUST 13, 1985, - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of July 9, 1985, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee -

7. Old Business -

a. Renewal of Administrative Agreement with Select Health
b. Renewal of Hospital Agreement with Marin General

8. New Business -

a. Resolution in memory of Philip J. Kearney
b. Request for Board and/or staff to attend IFEB conferences.

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - AUGUST 13, 1985 - 4:00 P.M.

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Minutes

1. CALL TO ORDER -

The regular meeting of the Health Service Board was called to order at 4:00 P.M. with President Gaggero presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D.
Gaggero, Joseph
Johnson, F. Walter
Katz, Robert A.
Krueger, George E.
Paretchan, Harry

EXCUSED: Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF JULY 9, 1985, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Johnson and seconded by Commissioner Bernstein to approve the minutes of the Regular Meeting of July 9, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Tito Rael, Rael & Letson reported that the month of July reflected a loss ratio of 65% but that he understood there was a problem causing the underexpenditure (Exhibit "A").

Mr. Smith reported that programmatic problems have been encountered in the transition to the mini computer system which resulted in claim payments being held up between July 1 and 19th. The total expenditure for July was about 60% of normal. There is a claims backlog of about eight days or approximately 5,000 claims.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that the Committee considered eight appeals involving transfer of plans, reinstatement and adding dependents. He made a motion to accept the recommendations of the Appeals Committee (Exhibit "B"), seconded by Commissioner Krueger. The motion passed unanimously.

7. OLD BUSINESS -

a. Renewal of Administrative Agreement with Select Health -

Mr. Smith reported that the offering of the Board of a one year agreement at $3,750 per month and no increase should the agreement be renewed in 1986-87 was unacceptable to SELECT Health's Board of Directors. They have counter proposed a guarantee of renewal in 1986 and a 10% cap for the second year. A discussion with some Board members indicated this would be unacceptable. A counter proposal of a 5% cap and no guarantee of renewal was agreed to by SELECT Health pending the Health Service Board's approval. Commissioner Paretchan made a motion to renew the agreement at $3,750 per month with a 5% cap and no guarantee of renewal for 1986-87; seconded by Commissioner Bernstein. The motion passed unanimously.

b. Renewal of Hospital Agreement with Marin General -

Mr. Smith reported no further progress on a renewal agreement with Marin General and the existing agreement continues. He asked that the item be continued. After discussion, it was moved by Commissioner Katz to authorize SELECT Health to communicate to Marin General that a proposal be submitted by September 4th or the System will start negotiations with Ross General Hospital; seconded by Commissioner Paretchan, the motion passed unanimously. The item was continued.

8. NEW BUSINESS -

a. Resolution in memory of Philip J. Kearney -

This item deferred to the end of the meeting.

b. Request for Board and/or staff to attend IFEB conferences -

Resolutions authorizing attendance of three Board members at the International Foundation's Educational Conference November 15-20th and attendance of Executive Director at the Health Care Cost Management Seminar on October 6-9 were made by Commissioner Johnson; seconded by Commissioner Paretchan. The motion passed unanimously.

c. 1985-86 Committee Assignments -

President Gaggero announced the Committee assignments (Exhibit "C") for the fiscal year.

8. NEW BUSINESS (continued)

d. Request for approval of St. Mary's Advertisement -

A discussion on the merits of allowing the Health Service System's name to be used in advertisements by hospitals and providers ensued. Commissioner Katz made a motion that the Health Service System's name not be used by providers in advertisements through any type of media except to the extent that the name may be used or listed as one of their accounts; seconded by Commissioner Paretchan. The motion passed unanimously.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit "D") reflects little changes in interest earnings from the June report because reports on interest earnings have not yet been received. Two Certificates in the amount of $850,000 matured in July and were reinvested at 7.25% and 7.40% respectively for a 90-day period.

Commissioner Katz requested that a letter be sent to the City Treasurer/Investment Officer requesting the policy on the selection of banks and the methodology or criteria for investment of our trust funds.

b. The Dental Plan Charter Amendment was sent back to Committee by the Board of Supervisors, therefore, it will not appear on the November Ballot.

c. The 1985-86 Benefit Booklet and updated Preferred Provider physician directories will be sent to Plan I members by August 16th.

10. ANNOUNCEMENTS - None

11. ADJOURNMENT -

President Gaggero read Resolution 85-04 (Exhibit "E") in honor of Philip J. Kearney and asked that the meeting be adjourned with a moment of silence in honor of our former Executive Director. The meeting adjorned at 4:55 P.M.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE AUGUST 13, 1985
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1985 through July 31, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 616,231	$ 341,097	55%	55%
Retired Employees (NM)	261,376	157,430	60	60
Retired Employees (M)	218,576	87,461	40	40
Adult Dependents (NM)	314,517	174,922	56	56
Adult Dependents (M)	39,811	26,238	66	66
Minor Dependents	108,144	87,461	81	81
TOTAL	$ 1,558,655	$ 874,609	56%	56%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 81,552	$ 96,468	118%	118%
Retired Employees (NM)	41,775	47,287	113	113
Retired Employees (M)	100,301	110,226	110	110
TOTAL	$ 223,628	$ 253,981	114%	114%
(3) VISION CARE COVERAGES				
Active Employees	$ 37,491	$ 42,693	114%	114%
Retired Employees (NM)	10,532	11,449	109	109
Retired Employees (M)	23,327	19,287	83	83
TOTAL	$ 71,350	$ 73,429	103%	103%
(4) ALL COVERAGES				
Active Employees	$ 735,273	$ 480,258	65%	65%
Retired Employees (NM)	313,683	216,166	69	69
Retired Employees (M)	342,204	216,974	63	63
Adult Dependents (NM)	314,517	174,922	56	56
Adult Dependents (M)	39,811	26,238	66	66
Minor Dependents	108,144	87,461	81	81
TOTAL	$ 1,853,633	$ 1,202,019	65%	65%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - SEPTEMBER 10, 1985, - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
   Gaggero, Joseph A. — Paretchan, Harry
   Johnson, F. Walter — Renne, Louise H.
   Katz, Robert A.

4. Minutes of Regular Meeting of August 13, 1985, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - H. Paretchan, Chair

7. Old Business -

   a. Renewal of Hospital Agreement with Marin General

8. New Business -

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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Minutes

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - SEPTEMBER 10, 1985 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M. with President Gaggero presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Bernstein, Abraham, M.D.
   Gaggero, Joseph
   Johnson, F. Walter
   Krueger, George E.
   Paretchan, Harry

   EXCUSED: Katz, Robert A.
   Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF AUGUST 13, 1985, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded by Commissioner Paretchan to approve the minutes of the Regular Meeting of August 13, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

   Mr. Rael reported an 82% cumulative loss ratio through two months although he understood that there was a claims backlog because of the computer system transition. He is currently working on the 1984-85 actuarial report which is expected out soon and he is gratified by the drop in days of hospitalization.

   Mr. Smith commented that the claims backlog is about 2 weeks or over 6,000 claims caused primarily by the computer transition. In addition, one processor has been out five weeks for medical reasons and she just returned while another processor just left for a medical operation and is expected to be out for 5-6 weeks.

   The experience report (Exhibit 'A') was accepted and filed.

6. APPEALS COMMITTEE -

   Commissioner Paretchan made a motion that the recommendations (Exhibit 'B') of the Appeals Committee be approved. Seconded by Commissioner Commissioner Johnson. The motion passed unanimously.

7. OLD BUSINESS -

   a. Renewal of Hospital Agreement with Marin General -

      Mr. Smith presented the proposed renewal agreement with Marin General Hospital to be effective September 1, 1985 recommending its approval. After discussion, Commissioner Johnson made a motion to approve the agreement, seconded by Commissioner Bernstein. The motion passed unanimously.

8. NEW BUSINESS -

   a. Presentation - Consumer Health Publication/Health Pages.

      Caryl Levleit, Managing Editor of Health Pages presented a summary on a proposed annual publication for health care consumers which would be provided to the Health Service System free of charge for distribution to employees. The publication is paid for by provider advertisements and is expected to be distributed in March or April of 1986. The consensus of the Board was to defer any action on a commitment to distribute or endorse the publication until a draft copy is available for review toward the end of the year.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The Investment Report (Exhibit "C") reflects that $1,210,852 in interest was received in the 84-85 fiscal year. There were no maturing Certificates of Deposit in August. The current interest yield is 8.24%.

   b. He has been invited to attend a Committee Meeting to explain the functions and programs of the Health Service System on Friday, September 13th. The Committee is chaired by Supervisor Renne and is apparently looking at the overall fringe benefits area as it applies to the City and County.

10. ANNOUNCEMENTS - None

11. ADJOURNMENT -

    There being no further business to come before the Board, the meeting was adjourned at 4:35 PM.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE SEPTEMBER 10, 1985 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1985 through August 31, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 1,233,837	$ 924,215	94%	75%
Retired Employees (NM)	518,753	342,525	72	66
Retired Employees (M)	429,885	267,146	85	62
Adult Dependents (NM)	627,930	465,706	93	74
Adult Dependents (M)	76,867	85,242	159	111
Minor Dependents	216,335	331,459	226	153
TOTAL	$ 3,103,607	$ 2,416,293	100%	77%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 163,311	$ 168,652	88%	103%
Retired Employees (NM)	82,910	85,751	84	103
Retired Employees (M)	196,870	203,053	96	103
TOTAL	$ 443,091	$ 457,456	93%	103%
(3) VISION CARE COVERAGES				
Active Employees	$ 75,022	$ 84,635	112%	113%
Retired Employees (NM)	20,768	22,994	113	111
Retired Employees (M)	45,585	38,317	85	84
TOTAL	$ 141,375	$ 145,946	104%	103%
(4) ALL COVERAGES				
Active Employees	$ 1,472,170	$ 1,177,503	95%	80%
Retired Employees (NM)	622,431	451,270	76	73
Retired Employees (M)	672,340	508,516	88	76
Adult Dependents (NM)	627,930	465,706	93	74
Adult Dependents (M)	76,867	85,242	159	111
Minor Dependents	216,335	331,459	226	153
TOTAL	$ 3,688,073	$ 3,019,696	99%	82%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 8, 1985, - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D.
   Gaggero, Joseph A.
   Johnson, F. Walter
   Katz, Robert A.
   Krueger, George E.
   Paretchan, Harry
   Renne, Louise H.

4. Minutes of Regular Meeting of September 10, 1985, submitted for approval.

5. Actuarial Report -

6. Appeals Committee - H. Paretchan, Chair

7. Old Business -

8. New Business -

   a. Quarterly Hospital Room Rate Survey

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

Dist. 'C'

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1/8/85

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 8, 1985 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M. with President Gaggero presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Bernstein, Abraham, M.D. Katz, Robert A.
   Gaggero, Joseph Paretchan, Harry
   Johnson, F. Walter

   ABSENT: Krueger, George E.
   Renne, Louise H.

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4. MINUTES OF REGULAR MEETING OF OCTOBER 8, 1985, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of October 8, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

   Mr. Rael, Rael & Letson submitted the September report (Exhibit 'A') reflecting the 1st three months experience with a 124% loss ratio for October reflecting some catch up in the claims backlog caused by the new computer system. The overall loss ratio increased from 82% in August to 96%.

   The auditor's tentative numbers matched against the reserve for incurred but unpaid claims shows a contingency reserve of about $5 million as of June 30, 1985. The annual actuarial report should be ready by the November meeting. The claims experience four year comparison (Exhibit 'B') was also provided the Board. The reports were ordered filed.

6. APPEALS COMMITTEE -

   Commissioner Paretchan reported the recommendations of the Committee (Exhibits 'C-1' to 'C-5').

   Commissioner Johnson made a motion to accept the recommendations of the Appeals Committee; seconded by Commissioner Bernstein. The motion was adopted unanimously.

7. OLD BUSINESS -

a. Commissioner Katz, in response to the receipt of the Treasurer's investment policy, asked that an inquiry be made of the Treasurer as to whether Trust Funds can be deposited in domestically owned banks and specifically locally domiciled banks if the basic objectives reflected in the policy are equal.

8. NEW BUSINESS -

a. Commissioner Katz asked if there were any cost experience reports on AIDS cases in order to determine their financial impact and to determine the feasibility of covering alternative cost effective programs such as hospice. Mr. Rael stated that he would work with staff to identify the cost.

b. President Gaggero and Mr. Smith reported that they had met with Kaiser officials relative to the advocacy of community groups to the establishment of an AIDS Community Task Force to deal specifically with the provision of care to AIDS patients.

A motion was requested to send a letter to the Kaiser Administrator in San Francisco supporting the establishment of such a task force. A motion was made by Commissioner Bernstein, seconded by Commissioner Paretchan. The motion was adopted unanimously.

c. Quarterly Hospital Room Rate Survey - Mr. Smith presented the July-September, 1985 report (Exhibit 'D') reflecting no change since July 1st in San Francisco. The average increase in the semi-private room and board rate over the last 12 months has been only 6%. The staff recommendation was to take no action at this time. Commissioner Paretchan made a motion to take no action; seconded by Commissioner Bernstein. The motion was adopted unanimously.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit "E") reflected three CDs totaling $2.55 million which matured in September at below 8% which were reinvested at 8%. Average yield increased from 8.24% to 8.46% and the fiscal year to date yield increased from 8.24% to 8.31%. Interest received year to date is approximately $262,000. Commissioner Katz requested that the Treasurer also be asked whether reserve funds not needed in the short term could be invested at higher yields if invested for longer terms.

b. The outstanding claim count is still in excess 6,000 and had been up to 8,000 during September.

c. The implementation date for the previously approved curtailment of telephone service will be no later than November 1st. This should assist staff with their workload problems.

9. EXECUTIVE DIRECTOR'S REPORT (cont'd.)

d. The Mayor has imposed a hiring freeze throughout the City. Fortunately, we have only one position currently vacant and hopefully we will not incur vacancies.

e. The Finance Committee requested departments to submit a 5% reduction in their last six month's General Fund budget support this year. This amounts to about $21,000 which we have asked be taken, if necessary, from monies for professional services for 1984-85. In 1985-86 we have identified data processing costs as an area we feel can be reduced in cost.

f. The auditors have just completed their audit and their tentative figures reflect an increase in the Trust Fund net worth from $2.1 million in 83-84 to approximately $4.8 million at the end of the 84-85 fiscal year.

10. ANNOUNCEMENTS -

a. Fran Hasik, French Hospital introduced Barbara Clark, the new marketing director at French Hospital Health Plan. She also announced opening of their Novato Medical facility on October 3rd.

b. President Gaggero introduced a Resolution of Commendation for Thomas A. Toomey, Jr. on the occasion of his retirement. Commissioner Bernstein made a motion to adopt the Resolution; seconded by Commissioner Johnson. The resolution passed unanimously.

11. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 4:30 PM.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE OCTOBER 8[illegible]985 EXHIBIT 'A'
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1985 through September 30, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 1,849,699	$ 1,823,133	144%	99%
Retired Employees (NM)	843,107	713,893	134	85
Retired Employees (M)	580,983	378,252	77	65
Adult Dependents (NM)	938,102	849,291	119	91
Adult Dependents (M)	114,425	149,909	167	131
Minor Dependents	322,309	490,805	154	152
TOTAL	$ 4,648,625	$ 4,405,283	130%	95%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 245,229	$ 244,865	93%	100%
Retired Employees (NM)	124,053	122,208	89	99
Retired Employees (M)	296,818	291,724	89	98
TOTAL	$ 666,101	$ 658,797	90%	99%
(3) VISION CARE COVERAGES				
Active Employees	$ 112,468	$ 128,297	117%	114%
Retired Employees (NM)	31,005	35,025	118	113
Retired Employees (M)	68,623	57,934	85	84
TOTAL	$ 212,096	$ 221,256	106%	104%
(4) ALL COVERAGES				
Active Employees	$ 2,207,397	$ 2,196,294	137%	99%
Retired Employees (NM)	998,164	871,127	128	87
Retired Employees (M)	946,424	727,910	81	77
Adult Dependents (NM)	938,102	849,291	119	91
Adult Dependents (M)	114,425	149,909	167	131
Minor Dependents	322,309	490,805	154	152
TOTAL	$ 5,526,821	$ 5,285,336	124%	96%

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11/12/85

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - NOVEMBER 12, 1985, - 4:00 P.M.

A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
Gaggero, Joseph A. — Paretchan, Harry
Johnson, F. Walter — Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of October 8, 1985, submitted for approval.

5. Actuarial Report - Rael & Letson

   a. Monthly Report
   b. 1984-85 Actuarial Report

6. Appeals Committee - H. Paretchan, Chair

7. Old Business -

   a. Investment Alternatives
   b. Cost report on AIDS cases

8. New Business -

   a. Consideration of PPA Agreements

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - NOVEMBER 12, 1985 - 4:25 P.M.

1. CALL TO ORDER -

The regular meeting of the Health Service Board was called to order at 4:25 P.M. following adjournment of the Appeals Committee meeting with President Gaggero presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Bernstein, Abraham, M.D. Katz, Robert A.
Gaggero, Joseph Paretchan, Harry
Johnson, F. Walter

ABSENT: Krueger, George E.
Renne, Louise H.

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4. MINUTES OF REGULAR MEETING OF OCTOBER 8, 1985, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Bernstein and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of October 8, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

a. Monthly Report -

Mr. Rael reported the four month experience at 99% with a 106% experience during October (Exhibit 'A'). He anticipates that we may erode reserves to some extent since the current loss ratio is 99% and a substantial claims backlog exists.

Mr. Smith advised the Board that there was a 4,643 claims backlog or approximately 8 working days. He also reminded the Board that we are projecting a 102% loss ratio for the year.

Commissioner Katz expressed concern that the total claim expenditures were running approximately $1,000,000 ahead of the same period last year (Exhibit 'B').

5. ACTUARIAL REPORT - (cont'd.)

b. 1984-85 Actuarial Report -

Mr. Rael reviewed the report already submitted to the Board members. He pointed out the beneficial affect of the Preferred Provider Program on the System's financial status. He stated that the success of the PPO enabled us to hold the rate structure for 1985-86 at the same level as 1984-85. The contingency reserves of the System have risen to approximately $5 million which is close to his targeted reserve of $5.3 million. The reports were filed.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that the Committee met on October 15th and November 12, 1985 and heard seventeen (17) appeals in addition to continuing five cases. He made a motion to adopt the recommendations of the Committee as shown on Exhibits 'C-1' to 'C-4'. Seconded by Commissioner Johnson. The motion passed 5-0.

7. OLD BUSINESS -

a. Investment Alternatives - Continued

b. Cost report on AIDS cases -

Mr. Rael reported based on data extracted manually from the System that there were fifteen (15) cases in the last 2 years, of which ten individuals were deceased. The average payment per case is $28,724 with the largest payment to date for an individual case at $83,231. The number of incidences is 1.53 cases per 1,000 employees. It was noted that some cases would probably be missed because of other diagnoses being used by physicians. After discussion, it was agreed that this cost should be monitored and information acquired on what other employers are doing in this area.

8. NEW BUSINESS -

a. Consideration of PPA Agreements -

Mr. Smith presented for approval two agreements with free standing radiologists in San Francisco, namely, Felton & Klausenstock and M. Gay Ducharme.

A discussion ensued which raised the issue of the number of independent practitioners which are constantly approaching us for participation and the inclusion of them on an independent basis in a formalized provider system.

Commissioner Paretchan made a motion that SELECT Health and St. Mary's Physician Associates be contacted to investigate the feasibility of allowing free standing radiologists and other allied health professionals to participate through their organizations. Seconded by Commissioner Bernstein. The motion passed unanimously. The item was continued.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The Investment Report (Exhibit "D") was presented reflecting the maturation of three CDs. The interest received year to date is $403,000.

   b. There is about a 4,600 claims backlog as of last Friday.

   c. Alerted the Board to Assembly Bill 528 which is effective January 1, 1986. The bill requires School Districts and Community College Districts to allow former retired certificated employees, their spouses and surviving spouses to participate in group health and dental benefits with no contribution on the part of the District. We are asking the City Attorney what are responsibilities are under the bill.

   d. The City Attorney has responded to a previous inquiry reaffirming that retired employees are not members and therefore are not entitled to vote in Board elections.

   e. We go back before the Finance Committee tomorrow on the status of our 5% budget reduction.

10. ANNOUNCEMENTS - None

11. ADJOURNMENT -

    There being no further business to come before the Board, the meeting was adjourned at 5:15 PM.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT 'A'

REPORT BY ACTUARY FOR THE NOVEMBER 12, 1985
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1985 through October 31, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$2,713,846	$2,705,078	102%	100%
Retired Employees (NM)	1,135,133	1,060,586	119	93
Retired Employees (M)	784,156	525,824	73	67
Adult Dependents (NM)	1,345,805	1,300,060	111	97
Adult Dependents (M)	156,220	229,044	189	147
Minor Dependents	467,702	658,750	116	141
TOTAL	$6,602,862	$6,479,342	106%	98%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 360,085	$ 353,171	94%	98%
Retired Employees (NM)	167,178	171,007	113	102
Retired Employees (M)	400,893	419,651	123	105
TOTAL	$ 928,156	$ 943,829	109%	102%
(3) VISION CARE COVERAGES				
Active Employees	$ 164,939	$ 177,161	93%	107%
Retired Employees (NM)	41,903	47,628	116	114
Retired Employees (M)	92,818	78,357	84	84
TOTAL	$ 299,661	$ 303,145	94%	101%
(4) ALL COVERAGES				
Active Employees	$3,238,870	$3,235,410	101%	100%
Retired Employees (NM)	1,344,214	1,279,221	118	95
Retired Employees (M)	1,277,867	1,023,832	89	80
Adult Dependents (NM)	1,345,805	1,300,060	111	97
Adult Dependents (M)	156,220	229,044	189	147
Minor Dependents	467,702	658,750	116	141
TOTAL	$7,830,678	$7,726,316	106%	99%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - DECEMBER 10, 1985, - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
   Gaggero, Joseph A. — Paretchan, Harry
   Johnson, F. Walter — Renne, Louise H.
   Katz, Robert A.

4. Minutes of Regular Meeting of November 12, 1985, submitted for approval.

5. Actuarial Report - Rael & Letson

   a. Monthly Report

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6. Appeals Committee - H. Paretchan, Chair

7. Old Business -

   a. Investment Alternatives
   b. Consideration of PPA Radiology Agreements

8. New Business -

   a. Assembly Bill 528

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - DECEMBER 10, 1985 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Bernstein, Abraham, M.D. Paretchan, Harry
   Gaggero, Joseph
   Johnson, F. Walter

   ABSENT: Katz, Robert A.
   Krueger, George E.
   Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF NOVEMBER 12, 1985, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded by Commissioner Johnson to approve the minutes of the Regular Meeting of November 12, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

   Mr. Tito Rael, Rael & Letson, presented the monthly experience report (Exhibit 'A') through November, 1985 which reflected a 100% overall loss ratio against a projected 12 month loss ratio of 102%.

   The claims experience four-year comparison (Exhibit 'B') was also provided to the Board.

6. APPEALS COMMITTEE -

   Commissioner Paretchan reported that 15 appeals were heard with the recommendations of the Committee reflected on Exhibit 'C-1' and 'C-2'. He made a motion to adopt the recommendations, seconded by Commissioner Bernstein. The motion passed unanimously.

7. OLD BUSINESS -

   a. Investment Alternatives - Item Continued

   b. Consideration of PPA Radiology Agreements - Item Continued

8. NEW BUSINESS -

   a. Assembly Bill 528-

      Mr. Smith requested that the Board adopt a policy at this time to defer any implementation of AB 528 until the annual enrollment period should the City Attorney find that we have a responsibility to provide health coverage under the Bill. The Bill is to take effect January 1, 1986. The Bill provides that School Districts and Community College Districts must allow retired employees of those districts, their spouses or surviving spouses to participate in any health or dental plans provided by those districts at no cost to the district.

      After discussion, Commissioner Johnson made a motion that implementation be delayed until the open enrollment period provided the System must comply with the legislation. Seconded by Commissioner Bernstein. The motion passed unanimously.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The Investment Report (Exhibit "D") reflects no maturing CDs during November. Interest earnings increased through five months to approximately $513,000. The current yield is 8.14% and current yield fiscal year to date is 8.24%. We are still awaiting the Treasurer's response on any investment alternatives which might provide higher yields.

   b. The outstanding claims count was 3,012 as of December 6th which was a reduction from 4,600 as of last month.

   c. The System has been going through an intensive assortment of audits recently. Our outside auditors, Peat, Marwick have presented the 1984-85 annual audit and will be attending the January meeting to make a presentation. The Controller's internal auditors and the Board of Supervisors Budget Analyst are currently conducting audits.

   d. Our 1985-86 budget has been cut $53,700 by the Board of Supervisors which means a position will remain vacant for the remainder of the fiscal year or savings in other areas of the budget will have to be generated to allow filling of the position.

9. EXECUTIVE DIRECTOR'S REPORT (cont'd.)

e. The Medicare inpatient hospital deductible will rise to $492 from $400 effective January 1st. The increase becomes the full liability of Plan I under the current benefit structure.

f. An application has been sent out to all health plans wishing to be offered to City employees in 1986-87 asking for their submission of their application by December 27, 1985.

10. ANNOUNCEMENTS -

a. Resolutions of Commendation in honor of the retirement of Frank Byrne, Chief Assistant Controller and Tom Gerughty, Assistant Director, Systems and Data Processing were passed by the Board.

b. The Annual Meeting provided by Charter Section 8.423 was set for Thursday, January 16, 1986 at 6:00 PM.

c. Mr. Smith announced that Mr. Richard Winner, former President of Select Health has moved over to Bay Pacific as Marketing Director effective December 2, 1985.

d. Mr. Bruce Gorman, Select Health, announced that Mr. Toby Schwarzberg has assumed Mr. Winner's position at Select Health.

e. President Gaggero acknowledged receipt by the Board of a letter from the Mayor regarding the System's MBO performance for 1984-85.

11. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 4:25 PM.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE DECEMBER 10, 1985
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1985 through November 30, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$3,363,125	$3,373,260	103%	100%
Retired Employees (NM)	1,417,357	1,369,337	109	97
Retired Employees (M)	983,196	646,438	61	66
Adult Dependents (NM)	1,665,162	1,703,301	126	102
Adult Dependents (M)	195,229	260,099	80	133
Minor Dependents	577,146	829,393	156	144
TOTAL	$8,201,214	$8,181,827	107%	100%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 446,465	$ 447,231	109%	100%
Retired Employees (NM)	208,705	216,259	109	104
Retired Employees (M)	502,557	528,051	107	105
TOTAL	$1,157,727	$1,191,540	108%	103%
(3) VISION CARE COVERAGES				
Active Employees	$ 204,412	$ 214,019	93%	105%
Retired Employees (NM)	52,229	60,833	128	116
Retired Employees (M)	116,271	97,498	82	84
TOTAL	$ 372,912	$ 372,350	94%	100%
(4) ALL COVERAGES				
Active Employees	$4,014,002	$4,034,509	103%	101%
Retired Employees (NM)	1,678,290	1,646,429	110	98
Retired Employees (M)	1,602,024	1,271,986	77	79
Adult Dependents (NM)	1,665,162	1,703,301	126	102
Adult Dependents (M)	195,229	260,099	80	133
Minor Dependents	577,146	829,393	156	144
TOTAL	$9,731,853	$9,745,718	106%	100%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JANUARY 14, 1986, - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call:

Bernstein, Abraham, M.D.	Krueger, George E.
Gaggero, Joseph A.	Paretchan, Harry
Johnson, F. Walter	Renne, Louise H.
Katz, Robert A.	

4. Minutes of Regular Meeting of December 10, 1985, submitted for approval.

5. Actuarial Report - Rael & Letson

   a. Monthly Report

6. Appeals Committee - H. Paretchan, Chair

7. Budget Committee - F. Johnson, Chair

8. Old Business -

   a. Investment Alternatives
   b. Consideration of PPA Radiology Agreements
   c. Assembly Bill 528

9. New Business -

   a. 1984-85 Annual Audit - Peat, Marwick, Mitchell & Co.
   b. Certification of Average Contribution for 1986-87 Fiscal year
   c. Quarterly Hospital Room Rate Survey

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

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Minutes

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - JANUARY 14, 1986 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Bernstein, Abraham, M.D. — Katz, Robert A.
   Gaggero, Joseph — Krueger, George E.
   Johnson, F. Walter — Paretchan, Harry

   EXCUSED: Renne, Louise H.
   (Note: Commissioner Renne's aide, Mary Jane Silvia, attended the meeting on her behalf)

4. MINUTES OF REGULAR MEETING OF DECEMBER 10, 1985, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Johnson and seconded by Commissioner Bernstein to approve the minutes of the Regular Meeting of December 10, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

   Mr. Rael, Rael & Letson, reported the December experience at 140% with the year to date jumping to 107%. The past twelve months through January, 1986, will be utilized for establishing the 1986-87 rates (Exhibit 'A').

   Note: Commissioner Krueger arrived at the meeting at this time.

6. APPEALS COMMITTEE -

   Commissioner Paretchan reported that there were eight appeals during the month of December and he made a motion to adopt the recommendations of the Committee as reflected on Exhibit 'B'; seconded by Commissioner Bernstein. The motion passed unanimously.

7. BUDGET COMMITTEE -

Commissioner Johnson reported that the Committee met earlier today but that because of this year's budget limitations needs more time to consider budget reductions. They will report out a budget at the February meeting.

8. OLD BUSINESS -

a. Investment Alternatives - Item Continued

b. Consideration of PPA Radiology Agreements -

Mr. Bruce Gorman, SELECT Health, reported that after due consideration of the radiologist question that SELECT has decided in the short term to respect the method by which SELECT was developed through their physician groups and that he recommended that the radiologists attempt to gain membership to these organizations. In the long term, hospitals in the SELECT Health network are expanding their allied health services and SELECT will apprise the Board of developments in these areas.

After discussion of the issue of freestanding radiologists, Commissioner Bernstein made a motion to admit the radiologists provided they agree to appropriate discounts on their services; seconded by Commissioner Katz. The motion passed unanimously.

c. Assembly Bill 528 -

Mr. Smith reported that the City Attorney has advised us that we are responsible for providing health coverage to retired employees, spouses and surviving spouses of the School District and Community College District who are not currently in the System. The Board reaffirmed its previous decision to implement the intent of the legislation during the upcoming open enrollment period.

9. NEW BUSINESS -

a. 1984-85 Annual Audit - Peat, Marwick, Mitchell & Co. -

Mr. Dave Snyder and Mr. Tony Pohl, Peat, Marwick, Mitchell & Co., presented the financial statements outlining the assets available for health benefits at $4.8 million which is the highest since Peat, Marwick began auditing the Health Service four years ago. The key to the increase in net assets is the benefits paid under Plan I which increased only 2% over 1983-84.

The overall results reflected no material weaknesses in financial controls but some recommendations are made in their management letter to improve efficiency. The major area that needs to be addressed is the disaster recovery plan for data processing now that claims are being processed on the System's own computer.

9. NEW BUSINESS (cont'd.)

b. Certification of Average Contribution for 1986-87 Fiscal Year -

Mr. Smith reported that the survey of the average employer contribution of the ten most populous counties for the employee only reflects an average rate of $89.43 per month which represents the amount to be certified to the Board of Supervisors pursuant to Charter Section 8.423. The amount represents a 6.9% increase over the current $83.65 per month. It was also noted that the counties contribute on average $155.53 per month for one dependent and $179.79 per month for 2 or more dependents. Every county also contributes toward a dental plan with the exception of San Diego County.

Commissioner Johnson made a motion to certify the amount of $89.43 to the Board of Supervisors for the 1986-87 fiscal year. Seconded by Commissioner Bernstein. The motion passed unanimously.

c. Quarterly Hospital Room Rate Survey -

Mr. Smith reported the quarterly room rate survey which reflects nine hospitals who have raised their rates since the last quarter. Six of the nine are contract hospitals which insulates the System from the increased cost. The average semi-private rate in San Francisco is now $433 per day (Exhibit 'C-1' & 'C-2'). The report was ordered filed and no action taken.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report reflected that a $1 million CD matured in December at 8% and was reinvested at 7.8% for 91 days. Interest accrued and received totaled $583,000 through December. The average current yield is 8.12% (Exhibit 'D').

b. The claim count is at 4,040 or 6 1/2 days backlog as of January 10th.

c. Proposals have been received from eleven health maintenance organizations for 1986-87 and the proposals will be referred to the Rates and Benefits Committee.

d. The management audit by the Board of Supervisors' Budget Analyst was released yesterday.

11. ANNOUNCEMENTS -

a. Bruce Gorman, SELECT Health, introduced Mr. Toby Schwartzburg, the new President of SELECT Health.

b. The Annual Meeting will be held on Thursday, January 16th at 6:00 P.M.

12. ADJOURNMENT -

There being no further business to come before the Board, the meeting was adjourned at 5:05 PM.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE JANUARY 14, 1986
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1985 through December 31, 1985:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$3,997,500	$4,305,418	147%	108%
Retired Employees (NM)	1,697,118	1,747,994	135	103
Retired Employees (M)	1,180,714	804,202	80	68
Adult Dependents (NM)	1,979,145	2,214,450	163	112
Adult Dependents (M)	233,400	327,287	176	140
Minor Dependents	684,105	1,052,478	209	154
TOTAL	$9,771,981	$10,451,829	145%	107%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 530,905	$ 557,438	131%	105%
Retired Employees (NM)	249,848	262,637	113	105
Retired Employees (M)	603,413	651,012	122	108
TOTAL	$1,384,166	$1,471,086	123%	106%
(3) VISION CARE COVERAGES				
Active Employees	$ 242,986	$ 254,828	106%	105%
Retired Employees (NM)	62,465	82,693	214	132
Retired Employees (M)	139,517	110,832	57	79
TOTAL	$ 444,968	$ 448,354	105%	101%
(4) ALL COVERAGES				
Active Employees	$4,771,391	$5,117,684	143%	107%
Retired Employees (NM)	2,009,431	2,093,324	135	104
Retired Employees (M)	1,923,644	1,566,046	91	81
Adult Dependents (NM)	1,979,145	2,214,450	163	112
Adult Dependents (M)	233,400	327,287	176	140
Minor Dependents	684,105	1,052,478	209	154
TOTAL	$11,601,115	$12,371,269	140%	107%

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HEALTH SERVICE SYSTEM

CITY AND COUNTY OF SAN FRANCISCO
1212 MARKET STREET
SAN FRANCISCO, CA 94102-4861

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O F F I C I A L N O T I C E

IN COMPLIANCE WITH SECTION 8.423 OF THE
CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO

THE HEALTH SERVICE BOARD

ANNOUNCES ITS

ANNUAL PUBLIC HEARING MEETING

TO BE CONVENED ON

THURSDAY EVENING, JANUARY 16, 1986

AT 6:00 P.M.

IN THE

BOARD MEETING ROOM

1212 MARKET STREET, MEZZANINE LEVEL

SAN FRANCISCO, CALIFORNIA

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RANDALL B. SMITH
EXECUTIVE DIRECTOR

Dist 'A'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - FEBRUARY 11, 1986, - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of January 14, 1986, submitted for approval.

5. Actuarial Report - Rael & Letson

   a. Monthly Report

6. Appeals Committee - H. Paretchan, Chair

7. Budget Committee - F. Johnson, Chair

8. Rates and Benefits Committee - R. Katz, Chair

9. Old Business -

   a. Investment Alternatives

10. New Business -

11. Executive Director's Report -

12. Announcements -

13. Adjournment -

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - FEBRUARY 11, 1986 - 4:00 P.M.

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1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Bernstein, Abraham, M.D. Katz, Robert A.
   Gaggero, Joseph Krueger, George E.
   Johnson, F. Walter Paretchan, Harry

   EXCUSED: Renne, Louise H.

4. MINUTES OF REGULAR MEETING OF JANUARY 14, 1986, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of December 10, 1985, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

   Mr. Rael, Rael & Letson, reported the January experience at 116% with the year to date reflecting a 108% loss ratio. The cumulative ratio rose by 1% over the experience through December(Exhibit 'A').

6. APPEALS COMMITTEE -

   Commissioner Paretchan reported that there were seven appeals during the month of January and he made a motion to adopt the recommendations of the Committee as reflected on Exhibit 'B'; The motion passed unanimously.

7. BUDGET COMMITTEE -

   Commissioner Johnson reported and moved the adoption of the committee's recommendation on the 1986-87 Administrative budget as reflected in Exhibits 'C-1' to 'C-4'. The motion passed unanimously.

   NOTE: Commissioner Krueger arrived at this time.

8. RATES & BENEFITS COMMITTEE -

Commissioner Katz reported that the committee met on January 27 and February 6 to review alternative health plans, City Plan rates and benefits and listen to preferred provider presentations. He reported that only one recommendation has been adopted by the Committee and he moved the adoption of the Committee's recommendation to drop the health maintenance organizations of IPM, Lifeguard and Health Plan of the Redwoods from consideration as alternative health plans on the basis that none of them have a San Francisco facility presence or service area. The motion was adopted unanimously.

9. OLD BUSINESS -

a. Investment Alternatives - Item Continued

10. NEW BUSINESS - None

11. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'D') reflects that $648,666 has been collected in interest earnings through January. A CD in the amount of $500,000 matured in January at 7.60% and was reinvested for 90 days at the same rate.

b. A count of 3,587 or about 5 1/2 days backlog remained as of Friday, February 7th.

c. The resolution establishing the City contribution rate for 1986-87 was passed by the Board of Supervisors on February 3rd.

12. ANNOUNCEMENTS -

a. A Rates and Benefits Committee meeting will follow the full Board meeting.

12. ADJOURNMENT -

There being no further business Commissioner Johnson made a motion to adjourn the meeting at 4:22 P.M. and the motion was adopted.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE FEBRUARY 11, 1986
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1985 through January 31, 1986:

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$4,632,295	$5,122,938	129	111%
Retired Employees (NM)	2,022,509	2,111,897	112	104
Retired Employees (M)	1,382,757	935,221	65	68
Adult Dependents (NM)	2,305,496	2,681,821	143	116
Adult Dependents (M)	273,047	368,664	104	135
Minor Dependents	793,771	1,208,013	142	152
TOTAL	$11,409,876	$12,428,554	121%	109%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 615,341	$ 640,673	99%	104%
Retired Employees (NM)	297,642	301,405	81	101
Retired Employees (M)	706,659	744,487	91	105
TOTAL	$1,619,642	$1,686,565	92%	104%
(3) VISION CARE COVERAGES				
Active Employees	$ 281,603	294,257	102%	104%
Retired Employees (NM)	74,386	93,269	89	125
Retired Employees (M)	163,345	124,899	59	76
TOTAL	$ 519,334	$ 512,426	86%	99%
(4) ALL COVERAGES				
Active Employees	$5,529,239	$6,057,869	124%	110%
Retired Employees (NM)	2,394,538	2,506,571	107	105
Retired Employees (M)	2,252,761	1,804,607	72	80
Adult Dependents (NM)	2,305,496	2,681,821	143	116
Adult Dependents (M)	273,047	368,664	104	135
Minor Dependents	793,771	1,208,013	142	152
TOTAL	$13,548,853	$14,627,545	116	108

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MARCH 11, 1986, - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
   Gaggero, Joseph A. — Paretchan, Harry
   Johnson, F. Walter — Renne, Louise H.
   Katz, Robert A.

4. Minutes of Regular Meeting of February 11, 1986, submitted for approval.

5. Actuarial Report - Rael & Letson

   a. Monthly Report

6. Appeals Committee - H. Paretchan, Chair

7. Rates and Benefits Committee - R. Katz, Chair

   a. Adoption of City Plan Rates and Benefits for 1986-87 Fiscal Year.

   b. Adoption of Alternative Health Plan Rates and Benefits for 1986-87 Fiscal Year.

8. Old Business -

   a. Investment Alternatives

9. New Business -

   a. Approval of agreement with Felton & Klausenstock
   b. Request for approval to attend Risk Management and Employee Benefits Conference, April 13-18, 1986 in Toronto, Canada.

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MARCH 11, 1986 - 4:00 P.M.

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1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Bernstein, Abraham, M.D. Katz, Robert A.
   Gaggero, Joseph Krueger, George E.
   Johnson, F. Walter Paretchan, Harry

   ABSENT: Renne, Louise H.
   NOTE: Supervisor Renne's aide attended the meeting on behalf of Commissioner Renne.

4. MINUTES OF REGULAR MEETING OF FEBRUARY 11, 1986, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of February 11, 1986, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

   Mr. Rael reported that the overall loss ratio for the month was 107% and for the year 108% for the medical component. The prescription drug benefit was 114% for the month and 105% for the year and the vision benefit 78% for the month and 96% for the year. The overall loss ratio was 107% for the month and 108% for the year to date as reflected on Exhibit 'A'. The report was ordered filed.

6. APPEALS COMMITTEE -

   Commissioner Paretchan reported that six appeals were heard for the month of February and he made the motion that the recommendations of the Appeal Committee as reflected on Exhibit 'B' be adopted. The motion was adopted 5-0.

7. RATES AND BENEFITS COMMITTEE -

a. Adoption of City Plan Rates and Benefits for 1986-87 Fiscal Year.

Commissioner Katz reported the recommendations of the Committee as reflected on Exhibit 'C' which included an overall rate increase of 15.5% with projected revenues estimated at $27.3 million for the 1986-87 fiscal year. There was only one benefit change which was an increase in the chiropractic and acupuncture benefit allowance from $500 to $750 per year. Commissioner Katz' motion to adopt the recommendations of the Committee was adopted on a 5-0 vote.

NOTE: Commissioner Krueger arrived at the meeting at this time.

b. Adoption of Alternative Health Plan Rates and Benefits for 1986-87 Fiscal Year.

Commissioner Katz reported that proposals from twelve alternative health plans were reviewed in Committee and that the Committee by a vote of 3-1 (Katz) is recommending the adoption of the four existing HMOs and the addition of the Heals and Maxicare Health Plans. The Children's Health Plan would include the existing hospital based plan and in addition the private office option (IPA) (Exhibit 'D').

Commissioner Paretchan made the motion to adopt the recommendation of the Rates and Benefits Committee. The motion was adopted on a vote of 5-1 (Katz).

8. OLD BUSINESS -

a. Investment Alternatives -

Mr. Smith reported the response of the City Treasurer to questions posed by the Board regarding investment alternatives. After discussion, Commissioner Paretchan made a motion to follow the advice of the City Treasurer and reinvest maturing Certificates of Deposit into the pooled cash of the City, specifically those CDs maturing on 03/10/86, 03/17/86 and 04/01/86 (2). The motion passed 5-1 (Bernstein).

9. NEW BUSINESS -

a. Approval of agreement with Felton & Klausenstock

Motion by Commissioner Bernstein to approve an agreement with Felton & Klausenstock, free standing radiologists, effective March 1, 1986. The motion passed 6-0.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'E') reflects interest accrued or collected at approximately $717,000 year to date with an average yield on non-pooled cash of 8.12%.

b. The outstanding claim count was at 2,500 or 4 days backlog down from the 3,587 at the February meeting. This is the first time we have been under 3,000 claims since June, 1985 and since the implementation of the on-line processing system.

c. President Gaggero and he attended a Board of Supervisors' Committee meeting on March 4th regarding the management audit of the System. There were no comments or recommendations regarding the management audit. We agreed to meet with Dr. Arthur Coleman regarding his group's possible participation in the Health Service System. The Committee item was tabled at the call of the chair.

d. The hospitals, physicians and management of Bay Pacific are acquiring the publicly held stock of Bay Pacific in a friendly buyout. This transaction should have no impact on our relationship with Bay Pacific.

11. ANNOUNCEMENTS - None

12. ADJOURNMENT -

There being no further business Commissioner Paretchan made a motion to adjourn the meeting at 5:00 P.M. and the motion was adopted.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE MARCH 11, 1986
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1985 through February 28, 1986

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$5,265,128	$5,763,535	104%	109%
Retired Employees (NM)	2,300,321	2,799,265	116	122
Retired Employees (M)	1,581,155	1,392,873	111	88
Adult Dependents (NM)	2,618,497	2,476,744	93	95
Adult Dependents (M)	311,116	301,926	162	97
Minor Dependents	899,943	1,327,362	120	147
TOTAL	$12,976,161	$14,061,704	107%	108%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 699,563	$ 743,952	123%	106%
Retired Employees (NM)	338,499	347,122	112	103
Retired Employees (M)	808,030	854,215	108	106
TOTAL	$1,846,091	$ 1,945,288	114%	105%
(3) VISION CARE COVERAGES				
Active Employees	$ 320,078	326,236	83%	102%
Retired Employees (NM)	84,551	103,275	98	122
Retired Employees (M)	186,710	139,007	60	74
TOTAL	$ 591,340	$ 568,518	78%	96%
(4) ALL COVERAGES				
Active Employees	$6,284,769	$ 6,833,722	105%	109%
Retired Employees (NM)	2,723,371	3,249,662	115	119
Retired Employees (M)	2,575,895	2,386,095	106	93
Adult Dependents (NM)	2,618,497	2,476,744	93	95
Adult Dependents (M)	311,116	301,926	162	97
Minor Dependents	899,943	1,327,362	120	147
TOTAL	$15,413,591	$16,575,511	107%	108%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - APRIL 8, 1986, - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Krueger, George E.
   Gaggero, Joseph A. — Paretchan, Harry
   Johnson, F. Walter — Renne, Louise H.
   Katz, Robert A.

4. Minutes of Regular Meeting of March 11, 1986, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - H. Paretchan, Chair

7. Old Business -

8. New Business -

   a. Approval of agreement with Diagnostic Radiologists of San Francisco, Inc.

   b. Quarterly Hospital Room Rate Survey

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - APRIL 8, 1986 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Commissioner Bernstein, Commissioner Krueger, President Gaggero, Commissioner Paretchan, Commissioner Johnson

   EXCUSED: Vice President Katz, Commissioner Renne

4. MINUTES OF REGULAR MEETING OF MARCH 11, 1986, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of March 11, 1986, as submitted and the motion was adopted (5-0).

5. ACTUARIAL REPORT -

   Mr. Rael reported that the March experience was 141% which was high even though March is traditionally a high month. The year to date is at 111% although there is a 3% subsidy built into the rates (Exhibit 'A'). It is hoped that the three biweekly payrolls in April will ease the loss ratio. The report was ordered filed.

6. APPEALS COMMITTEE -

   Commissioner Paretchan reported that three appeals were heard for the month of March and he made the motion which was seconded that the recommendations of the Appeals Committee as reflected on Exhibit 'B' be adopted. The motion was adopted 5-0.

7. OLD BUSINESS - None

8. NEW BUSINESS -

a. Approval of agreement with Diagnostic Radiologists of San Francisco, Inc.

Commissioner Bernstein moved and it was seconded that the radiologic agreement with Diagnostic Radiologists of San Francisco, Inc. be approved effective April 1, 1986 (Exhibit 'C') Vote 5-0.

b. Quarterly Hospital Room Rate Survey

Mr. Smith provided the Board with quarterly report (Exhibit 'D') with no changes from the January report with the exception of Marin General's ICU rate. No action was taken on the item.

c. Safeguard Revisions to Exclusions, Limitations and Administrative Policies

A submission (Exhibit 'E') by Safeguard of revisions to its exclusions, limitations and administrative policies was approved by motion of Commissioner Paretchan and seconded. Vote 5-0.

d. Taxation of Employees Health Benefits

It was moved by Commissioner Paretchan and seconded to send a letter to our U. S. Senators expressing the Health Service Board's support for SB 303 and opposition to taxation of employees health benefits. Vote 5-0.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'F') reflects an expanded format showing the maturity and transfer of CDs from non-pooled to pooled cash as well as the average yield for both investment strategies.

b. The claim count is down to 2,246 as of April 4th which is below the 2,500 of last month. March was the 1st month this fiscal year the outstanding count had been below 3,000 since inception of the new system on July 1st.

c. Five members have been nominated to date to run for the Health Service Board seat currently occupied by Commissioner Paretchan. The nominees are from the City Attorney, DPH, Fire, Purchasing and Social Services.

d. A request was received on April 3rd from Weissburg & Aronson, Inc. to approve a Request for Informed Consent to represent SF Medical Associates, Inc. in its negotiations with the Health Service System. The request is in the hands of the City Attorney for disposition.

e. The Board was given a letter from Dr. Arthur Coleman summarizing a meeting of March 19, 1986 between President Gaggero, Mr. Smith and representatives of the Human Rights Commission, Mt. Zion Hospital and Dr. Coleman's Medical Center relative to our agreement to receive a proposal from Dr. Coleman's group and Mt. Zion Hospital. The proposal will be referred to the Rates and Benefits Committee when received.

f. A packet of Open Enrollment materials will be distributed to all active employees through their department and to retired employees through U.S. mail by early May. The packet will include a Comparison of Health Plans brochure and application form to allow changes by mail.

10. ANNOUNCEMENTS - None

11. ADJOURNMENT -

There being no further business Commissioner Paretchan made a motion to adjourn the meeting at 4:30 P.M. and the motion was adopted.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE APRIL 8, 1986
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1985 through March 31, 1986

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$5,913,549	$6,787,123	158%	115%
Retired Employees (NM)	2,598,664	3,307,274	170	127
Retired Employees (M)	1,781,594	1,613,636	110	91
Adult Dependents (NM)	2,939,772	2,811,968	104	96
Adult Dependents (M)	349,084	361,275	156	103
Minor Dependents	1,009,458	1,526,214	182	151
TOTAL	$14,592,121	$16,407,490	145%	112%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 785,897	$ 862,053	137%	110%
Retired Employees (NM)	382,379	403,380	128	105
Retired Employees (M)	910,459	979,746	123	108
TOTAL	$2,078,736	$ 2,245,179	129%	108%
(3) VISION CARE COVERAGES				
Active Employees	$ 359,532	$ 364,997	98%	102%
Retired Employees (NM)	95,472	114,961	107	120
Retired Employees (M)	210,323	157,552	79	75
TOTAL	$ 665,326	$ 637,510	93%	96%
(4) ALL COVERAGES				
Active Employees	$7,058,978	$ 8,014,173	152%	114%
Retired Employees (NM)	3,076,515	3,825,615	163	124
Retired Employees (M)	2,902,376	2,750,934	112	95
Adult Dependents (NM)	2,939,772	2,811,968	104	96
Adult Dependents (M)	349,084	361,275	156	103
Minor Dependents	1,009,458	1,526,214	182	151
TOTAL	$17,336,183	$19,290,179	141%	111%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MAY 13, 1986, - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, President Gaggero, Commissioner Johnson, Vice President Katz, Commissioner Krueger, Commissioner Paretchan, Commissioner Renne

4. Minutes of Regular Meeting of April 8, 1986, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Rates & Benefits Committee - Commissioner Katz, Chair

8. Old Business -

9. New Business -

   a. Request to attend Benefits Conference for Public Employees in San Diego, CA sponsored by IFEB

   b. Status Report on Open Enrollment

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MAY 13, 1986 - 4:00 P.M.

1. CALL TO ORDER -

The regular meeting of the Health Service Board was called to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Commissioner Bernstein
President Gaggero
Commissioner Johnson
Commissioner Katz
Commissioner Paretchan

ABSENT: Commissioner Krueger
Commissioner Renne

4. MINUTES OF REGULAR MEETING OF APRIL 8, 1986, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of April 8, 1986, as submitted and the motion was adopted (5-0).

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson reported the experience July through April at 110% with the monthly loss ratio for April at 97% (Exhibit 'A'). He projected that the loss ratio will end up at approximately 110% for the year.

Commissioner Katz commented that the review of the preferred provider program by the consultant for Select Health should provide insight into what elements of the program are causing claim expenditures to exceed revenue by approximately $1.9 million.

6. APPEALS COMMITTEE -

Commissioner Paretchan made a motion to adopt the recommendations of the Appeals Committee as reflected in Exhibit 'B'. The motion was adopted on a vote of 5-0.

7. RATES AND BENEFITS COMMITTEE

Commissioner Katz reported the recommendations of the Committee as reflected on Exhibit 'C'. Commissioner Bernstein made a motion which was seconded to adopt the recommendations of the Committee. The motion passed on a 5-0 vote.

8. OLD BUSINESS -

a. Health Pages - Consumer Guide to Health Care

Ms. Carol Levleit, Health Pages, requested the Board's approval and staff's assistance in distributing copies of "Health Pages", a consumer guide to health care in San Francisco, to City employees. Commissioner Paretchan made a motion to assist in the distribution of the magazine at no expense to the System. The motion was passed 5-0.

9. NEW BUSINESS -

a. Request to attend Benefits Conference for Public Employees in San Diego, CA sponsored by IFEB.

A motion was made by Commissioner Bernstein and seconded to approve the attendance of President Gaggero and Commissioner Paretchan at the International Foundation Conference in San Diego, July 20-23, 1986 at an expenditure not exceeding $2,400. The motion passed 5-0 (Exhibit 'D').

b. Status Report on Open Enrollment.

Mr. Smith reported the nine days activity during the month of May as reflected in Exhibit 'E'. Mail applications numbered 193 out of a total of 527 applications filed. The report was ordered filed.

c. Commissioner Katz read into the record an article from the Foundation Digest, May 1986 on the fiduciary liability of trustees and others and specifically the fact that a fiduciary may be held personally liable to make good to the plan any losses to the plan resulting from breach of responsibiity.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'F') reflects the continuing transfer of funds to pooled cash. The average current yield through March for all funds is 9.28%.

b. The outstanding claims count as of May 2nd was 1,537 which is the lowest level of the fiscal year.

c. The Vision Service Plan has advised the System that no increase in the administrative fee of $.47 per subscriber per month will be made for the 1986-87 fiscal year.

10. EXECUTIVE DIRECTOR'S REPORT (cont'd.)

d. The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) was signed into law by President Reagan in April. The law provides among other things that the age cap of 69 years on active employees or their dependents age 65 and over has been eliminated so that the employer's health plan will now continue to be the primary health coverage for employees who remain active after age 69 years.

The law also provides that all employers with 20 or more employees must provide the option of continued group health coverage for up to 18 months to employees who terminate voluntarily or involuntarily and their dependents and coverage for up to 36 months for divorced spouses and dependent children who no longer meet the eligibility criteria of the health plan.

The law further provides for specific notification and election periods and for premium caps not exceeding 102% of the current employer and employee contribution. The law is effective with plan benefit years commencing July 1, 1986 and after.

The Board requested a legal opinion on the legislation and referred the matter to the Rules Committee.

e. The final date for introduction of Charter Amendments for the November, 1986 ballot is May 19th.

11. ANNOUNCEMENTS -

a. Fran Hasik, French Hospital was recognized for the purpose of introducing Chris Jones, Coordinator for their Senior Care Program.

b. President Gaggero announced the vote results and re-election of Commissioner Paretchan to a new five-year term on the Board.

c. Frank Lucibello, President of Retired Employees Association announced that Tom McDonough would become President on June 14, 1986.

12. ADJOURNMENT -

There being no further business before the Board, the meeting was adjourned at 4:50 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE MAY 13, 1986
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

rience for the period July 1, 1985 through April 30, 1986

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
MEDICAL BENEFITS				
ve Employees	$ 6,804,249	$ 7,578,722	89%	111%
red Employees (NM)	2,875,046	3,624,897	115	126
red Employees (M)	1,980,748	1,828,790	108	92
t Dependents (NM)	3,348,025	3,276,024	114	98
t Dependents (M)	387,682	405,702	115	105
r Dependents	1,156,602	1,603,981	53	139
TAL	$16,552,354	$18,318,117	97%	111%
PRESCRIPTION DRUG BENEFIT				
ve Employees	$ 904,438	$ 968,771	90%	107%
red Employees (NM)	423,026	447,514	109	106
red Employees (M)	1,012,201	1,088,082	106	107
TAL	$ 2,339,664	$ 2,504,367	99%	107%
VISION CARE COVERAGES				
ive Employees	$ 413,599	$ 409,699	83%	99%
ired Employees (NM)	105,584	129,119	140	122
ired Employees (M)	233,774	177,568	85	76
TAL	$ 752,958	$ 716,385	90%	95%
ALL COVERAGES				
ive Employees	$ 8,122,286	$ 8,957,192	89%	110%
ired Employees (NM)	3,403,657	4,201,531	115	123
ired Employees (M)	3,226,723	3,094,439	106	96
lt Dependents (NM)	3,348,025	3,276,024	114	98
lt Dependents (M)	387,682	405,702	115	105
or Dependents	1,156,602	1,603,981	53	139
OTAL	$19,644,976	$21,538,869	97%	110%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - JUNE 10, 1986, - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, President Gaggero, Commissioner Johnson, Vice President Katz, Commissioner Krueger, Commissioner Paretchan, Commissioner Renne

4. Minutes of Regular Meeting of May 13, 1986, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Rates & Benefits Committee - Commissioner Katz, Chair

8. Rules Committee - A. Bernstein, M.D., Chair

9. Old Business -

   a. Final Report on Open Enrollment

10. New Business -

    a. Nomination and Election of Officers

11. Executive Director's Report -

12. Announcements -

13. Adjournment

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JUNE 10, 1986 - 4:00 P.M.

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1. CALL TO ORDER -

The regular meeting of the Health Service Board was called to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Commissioner Bernstein
President Gaggero
Commissioner Johnson
Commissioner Paretchan

ABSENT: Vice President Katz
Commissioner Krueger
Commissioner Renne

4. MINUTES OF REGULAR MEETING OF MAY 13, 1986, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of May 13, 1986, as submitted and the motion was adopted (4-0).

5. ACTUARIAL REPORT -

Mr. Rael, Rael & Letson reported that the May experience was 118% with the overall loss ratio at 110% for the year (Exhibit 'A'). The Board was reminded that there is some subsidy in the rates. The reasons for the increase in claim costs is being studied and there will be future reports on this subject. The new rates for 1986-87 have been adopted and will hopefully correct the current claim expenditure situation. The report was filed.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported and made a motion, which was seconded, to adopt the recommendations of the Appeals Committee as shown on Exhibit 'B'. The motion was adopted on a 4-0 vote.

7. RATES AND BENEFITS COMMITTEE -

The meeting of the Committee scheduled for June 6th was cancelled. It will be rescheduled at a future date.

8. RULES COMMITTEE -

Commissioner Bernstein reported that the Committee met on June 5th and has recommended twenty-four Rule changes to the Board as reflected on Exhibit 'C'.

He made a motion, which was seconded, to adopt the recommendations. Commissioner Paretchan made a motion, which was seconded, to amend the recommendation of the Committee by deleting change number 14. The motion was adopted 4-0. The recommendations of the Rules Committee were then adopted on a 4-0 vote.

9. OLD BUSINESS -

a. Final Report on Open Enrollment.

Mr Smith reported that there were 3,180 applications filed this year, with 1,361 applications received by mail and 1,819 applications were filed in person. The number of applications a record for open enrollment applications.

Three of the five existing health plans suffered a decrease in subscribers which might be expected with two new health plans being offered.

Heals enrollment of 291 subscribers and Maxicare's enrollment of 208 subscribers reflect penetrations of less than 1% for their first year. Exhibit 'D' reflects the summary of open enrollment activity. The report was filed.

10. NEW BUSINESS -

a. Nomination and Election of Officers

Commissioner Bernstein nominated President Gaggero for another term as President. Commissioner Paretchan nominated Commissioner Katz for Vice-President. There being no other nominations, the nominations were closed. President Gaggero and Vice-President Katz were elected by a 4-0 vote.

11. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report was not available at the time of the meeting.

b. The outstanding claim count was at 2,944 as of Friday.

12. ANNOUNCEMENTS -

a. Mr. Ben Hunter, Children's Hospital Health Plan introduced Jim Erickson, a new sales and account representative with the Plan.

13. ADJOURNMENT -

There being no further business before the Board, the meeting was adjourned at 4:30 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE JUNE 10, 1986
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1985 through May 31, 1986

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$7,460,033	$8,406,492	126%	113%
Retired Employees (NM)	3,162,737	3,949,034	113	125
Retired Employees (M)	2,183,104	2,066,063	117	95
Adult Dependents (NM)	3,670,862	3,647,068	115	99
Adult Dependents (M)	427,142	458,557	134	107
Minor Dependents	1,267,145	1,743,407	126	138
TOTAL	$18,171,023	$20,270,619	121%	112%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 991,725	$ 1,063,721	109%	107%
Retired Employees (NM)	465,305	491,951	105	106
Retired Employees (M)	1,115,601	1,190,472	99	107
TOTAL	$2,572,631	$ 2,746,144	104%	107%
(3) VISION CARE COVERAGES				
Active Employees	$ 453,494	$ 452,685	108%	100%
Retired Employees (NM)	116,101	139,693	101	120
Retired Employees (M)	257,619	196,461	79	76
TOTAL	$ 827,214	$ 788,839	98%	95%
(4) ALL COVERAGES				
Active Employees	$8,905,252	$ 9,922,897	123%	111%
Retired Employees (NM)	3,744,143	4,580,678	111	122
Retired Employees (M)	3,556,324	3,452,996	109	97
Adult Dependents (NM)	3,670,862	3,647,068	115	99
Adult Dependents (M)	427,142	458,557	134	107
Minor Dependents	1,267,145	1,743,407	126	138
TOTAL	$21,570,868	$23,805,602	118%	110%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JULY 8, 1986, - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, President Gaggero, Commissioner Johnson, Vice President Katz, Commissioner Krueger, Commissioner Paretchan, Commissioner Renne

4. Minutes of Regular Meeting of June 10, 1986, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business -

8. New Business -

9. Executive Director's Report -

10. Announcements -

11. Adjournment

Dist. 'C'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JULY 8, 1986, - 4:00 P.M.

The regular meeting of the Health Service Board scheduled for Tuesday, July 8, 1986 at 4:00 P.M. has been rescheduled for Tuesday, July 15, 1986 at 4:00 P.M. at 1212 Market Street, Mezzanine level.

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - JULY 15, 1986 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Commissioner Bernstein, President Gaggero, Commissioner Katz, Commissioner Krueger, Commissioner Paretchan

   ABSENT: Commissioner Johnson, Commissioner Renne

4. MINUTES OF REGULAR MEETING OF JUNE 10, 1986, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of June 10, 1986, as submitted and the motion was adopted (5-0).

5. ACTUARIAL REPORT -

   Mr. Rael, Rael & Letson reported the final claim expenditures report for the year which reflected a loss ratio of 110% and a deficit of approximately $2.5 million. The prescription drug benefit reflected expenditures of 149% for the month and 110% for the year. The vision benefit ended the year at 95% and was the only bright spot for the year (Exhibit 'A'). The new rates taking effect July 1st will increase total contributions by about 15 1/2% and will hopefully address the current deficit situation. The report was ordered filed.

6. APPEALS COMMITTEE -

   Commissioner Paretchan reported that four appeals were heard and he made a motion to adopt the recommendations of the Committee as reflected on Exhibit 'B'. The motion passed 5-0.

7. OLD BUSINESS - None

8. NEW BUSINESS -

   a. Consideration of Renewal of SELECT Health Agreement

      Commissioner Bernstein made a motion to adopt the recommendation of staff to increase the SELECT Health administrative fee to $3,900 per month (Exhibit 'C'). The motion passed 5-0.

   b. Consideration of Renewal of Hospital Agreements

      This item was continued because of questions regarding ICU rates at two of the hospitals (Exhibit 'D').

   (NOTE: Commissioner Renne's aide (Mary Jane Silvia) arrived at the meeting at this point)

   c. Consideration of Agreement with independent radiologist, M. Gay Ducharme, M.D.

      Commissioner Krueger made a motion to approve the agreement with M. Gay Ducharme, M.D., radiologist effective July 1, 1986 (Exhibit 'E'). The motion passed 5-0.

   d. Request for Special Enrollment Period for Individuals affected by AB-528.

      Commissioner Paretchan made a motion to approve a special enrollment period during the month of September, 1986 with coverage effective November 1, 1986 for retired individuals affected by Assembly Bill 528 (Exhibit 'F'). The motion was adopted 5-0.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. Three accounting personnel have transferred to other departments of the City severely impacting accounting functions. The Investment Report is not available for this reason.

   b. The claim count stood at 4,044 as of July 11th primarily because of three days of down time caused by the computer room expansion and required year end purge programs.

   c. The 1986-87 budget was approved by the Board of Supervisors with only nominal cuts made for salary savings requirements. The budget is very tight, however, since a budget had to be submitted at 100% of the 1985-86 funding level.

   d. The three-year information system master plan for development of a new membership accounting system was approved by a city committee called EIPSC which is responsible for information system projects.

10. ANNOUNCEMENTS -

a. President Gaggero announced that the Board committee assignments for the 1986-87 year will remain the same as 1985-86.

b. The President recognized Fran Hasik of French Hospital who introduced Steven Goss, a new account representative with the Plan.

c. The President recognized Tom McDonough, President of the Retired Employees Association, who introduced Tom Farrell. Mr. Farrell will be assisting Mr. McDonough with health service matters since Mr. McDonough has assumed the presidency of the association.

11. ADJOURNMENT -

There being no further business before the Board, the meeting was adjourned at 4:45 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE JULY 15, 1986
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

rience for the period July 1, 1985 through June 30, 1986

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
MEDICAL BENEFITS				
Active Employees	$ 8,100,910	$ 9,168,538	119%	113%
Retired Employees (NM)	3,434,441	4,133,938	68	120
Retired Employees (M)	2,383,917	2,244,440	89	94
Adult Dependents (NM)	3,982,400	4,007,317	116	101
Adult Dependents (M)	465,335	499,790	108	107
Minor Dependents	1,373,607	1,878,518	127	137
TOTAL	$19,740,611	$21,932,540	106%	111%
PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 1,077,040	$ 1,204,556	165%	112%
Retired Employees (NM)	505,264	553,855	155	110
Retired Employees (M)	1,218,177	1,327,196	133	109
TOTAL	$ 2,800,482	$ 3,085,608	149%	110%
VISION CARE COVERAGES				
Active Employees	$ 492,464	$ 491,324	99%	100%
Retired Employees (NM)	126,043	151,023	114	120
Retired Employees (M)	281,260	215,978	83	77
TOTAL	$ 899,767	$ 858,325	96%	95%
ALL COVERAGES				
Active Employees	$ 9,670,414	$10,864,418	123%	112%
Retired Employees (NM)	4,065,749	4,838,816	80	119
Retired Employees (M)	3,883,355	3,787,614	102	98
Adult Dependents (NM)	3,982,400	4,007,317	116	101
Adult Dependents (M)	465,335	499,790	108	107
Minor Dependents	1,373,607	1,878,518	127	137
TOTAL	$23,440,859	$25,876,473	111%	110%

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HEALTH SERVICE SYSTEM
RESCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - AUGUST 12, 1986, - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, President Gaggero, Commissioner Johnson, Vice President Katz, Commissioner Krueger, Commissioner Paretchan, Commissioner Renne

4. Minutes of Regular Meeting of July 15, 1986, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business -

   a. Consideration of offer to Hospitals for Renewal of 1986-87 Agreements.

8. NEW BUSINESS

   a. Quarterly Hospital Room Rate Survey

9. Executive Director's Report -

10. Announcements -

11. Adjournment

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - AUGUST 12, 1986 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Commissioner Bernstein, President Gaggero, Commissioner Johnson, Commissioner Katz, Commissioner Krueger, Commissioner Paretchan

   ABSENT: Commissioner Renne

4. MINUTES OF REGULAR MEETING OF JULY 15, 1986, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of July 15, 1986, as submitted and the motion was adopted (6-0).

5. ACTUARIAL REPORT -

   Mr. Rael, Rael & Letson reported that the loss ratio was 101% for July, a good start for the year. The vision ratio was 110% and prescription drug 88% which was an unusual reversal of recent experience. (Exhibit 'A') The report was filed.

NOTE: Commissioner Johnson arrived at the meeting at this time.

6. APPEALS COMMITTEE -

   Commissioner Paretchan reported that there were no appeals heard this month.

7. OLD BUSINESS -

a. Consideration of offer to Hospital for Renewal of 1986-87 Agreements.

Mr. Smith reported that a review was undertaken as a result of the ICU rate issue raised at the last meeting. A review of ICU admissions at PMC reflected that those admissions were paid on a level commensurate with med/surg admissions, while ICU admissions at St. Mary's were running at about 5% above other types of admissions. St. Mary's Hospital has agreed to a composite rate on their two highest ICU levels which based on the 1985-86 experience at the hospital would bring the overall ICU payout to a level commensurate with the med/surg level. Staff's recommendation was to approve those rates proposed at the July meeting for Children's, PMC, St. Mary's and Alta Bates Hospitals with the amendment of the St. Mary's medical ICU and surgical ICU rate to the proposed composite rate effective with services on and after July 1, 1986. (Exhibit 'B')

Commissioner Bernstein made a motion, which was seconded, to adopt the staff recommendation. The motion was adopted unanimously (6-0).

8. NEW BUSINESS -

a. Quarterly Hospital Room Rate Survey

Mr. Smith reported the quarterly report for July, 1986 reflects that the average semi-private rate in San Francisco is now $458 per day which represents a 7% increase from the $426 per day average of July, 1985. The health plan is currently covering a maximum of $400 per day. (Exhibit 'C')

Commisioner Paretchan made a motion, which was seconded, to raise the maximum covered semi-private room rate to $420 per day effective July 1, 1986. The motion was adopted unanimously (6-0).

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'D') shows that $896,368 was collected in interest earnings for the 1985-86 fiscal year. This reflected a decrease of approximately $300,000 from the 1984-85 level and was indicative of the general decline in interest rates over the last year.

9. EXECUTIVE DIRECTOR'S REPORT (cont'd.)

b. There were 4,596 outstanding medical claims as of August 8th which reflects about a 1 1/2 week backlog. This number is commensurate with last month's 4,044 count and is a result of personnel on emergency leave, regularly scheduled vacations and some computer down time.

c. Reports on revenue received during 1985-86 as a result of third party recoveries (Exhibit 'E') and hospital bill audits (Exhibit 'F') were provided to the Board.

d. The City Plan benefit booklets and directories of participating physicians will be mailed out to all members next week.

e. The Annual IFEB Employee Benefits Conference will be held in Las Vegas, Nevada on November 14-19, 1986.

10. ANNOUNCEMENTS - President Gaggero recognized the following:

a. Commissioner Katz announced that a Rates and Benefits Committee meeting will be held on Friday, August 22, 1986 at 9:30 A.M.

b. Health Plan representatives from Heals, Maxicare and Bay Pacific were introduced.

11. ADJOURNMENT -

President Gaggero adjourned the meeting at 4:40 P.M. with a moment of silence in memory of City Attorney George Agnost.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE AUGUST 12, 1986
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1986 through July 31, 1986

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 691,211	$ 805,989	117%	117%
Retired Employees (NM)	388,571	285,647	74	74
Retired Employees (M)	195,534	283,475	145	145
Adult Dependents (NM)	358,511	318,950	89	89
Adult Dependents (M)	40,099	31,983	80	80
Minor Dependents	134,350	138,499	103	103
TOTAL	$ 1,808,277	$ 1,864,542	103%	103%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 103,215	$ 99,688	97%	97%
Retired Employees (NM)	52,214	44,953	86	86
Retired Employees (M)	129,056	104,391	81	81
TOTAL	$ 284,486	$ 249,032	88%	88%
(3) VISION CARE COVERAGES				
Active Employees	$ 38,036	$ 46,032	121%	121%
Retired Employees (NM)	10,574	12,716	120	120
Retired Employees (M)	23,251	20,328	87	87
TOTAL	$ 71,861	$ 79,076	110%	110%
(4) ALL COVERAGES				
Active Employees	$ 832,463	$ 951,709	114%	114%
Retired Employees (NM)	451,360	343,316	76	76
Retired Employees (M)	347,842	408,194	117	117
Adult Dependents (NM)	358,511	318,950	89	89
Adult Dependents (M)	40,099	31,983	80	80
Minor Dependents	134,350	138,499	103	103
TOTAL	$ 2,164,624	$ 2,192,651	101%	101%

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HEALTH SERVICE SYSTEM
SCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - SEPTEMBER 16, 1986, - 4:00 P.M.

A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Commissioner Bernstein, President Gaggero, Commissioner Johnson, Vice President Katz, Commissioner Krueger, Commissioner Paretchan, Commissioner Renne
4. Minutes of Regular Meeting of August 12, 1986, submitted for approval.
5. Actuarial Report - Rael & Letson
6. Appeals Committee - Commissioner Paretchan, Chair
7. Rates & Benefits Committee - R. Katz, Chair
8. Old Business
9. New Business -
10. Executive Director's Report -
11. Announcements
12. Adjournment -

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - SEPTEMBER 16, 1986 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M.,President Pro Temp Paretchan, presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Commissioner Bernstein, Commissioner Paretchan, Commissisoner Johnson, Commissioner Krueger

   EXCUSED: President Gaggero, Vice President Katz

4. MINUTES OF REGULAR MEETING OF AUGUST 12, 1986, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Johnson and seconded to approve the minutes of the Regular Meeting of August 12, 1986, as submitted and the motion was adopted (4-0).

5. ACTUARIAL REPORT -

   Mr. Tito Rael, Rael & Letson, reported the experience through August (Exhibit 'A') which reflects a loss ratio of 109% year to date. The experience of the medical plan was 124% for the month and 113% year disappointing experience. There were only three months in the last fiscal year with a worst experience. The report was ordered filed.

   Mr. Rael indicated the annual actuarial report is now under preparation and will be issued soon.

6. APPEALS COMMITTEE -

   Commissioner Bernstein reported for Chairman Paretchan that one appeal had been calendared and it was continued for one month.

7. RATES AND BENEFITS COMMITTEE -

Mr. Smith reported for Commissioner Katz the actions of the Rates and Benefits Committee which met on August 22, 1986. Those recommendations are reflected on Exhibit 'B'.

On item no. 2 Commissioner Johnson made a motion, which was seconded, to approve the drafting of an agreement between Physical Therapy Provider Network, Inc. and the Health Service System effective October 1, 1986. The motion passed unanimously (4-0 vote).

On item no. 4, Commissioner Johnson made a motion, which was seconded, to accept the administrative fee increase from $.52 to $.67 effective with September, 1986 fees and pursue discussions with PCS for the 1986-87 fiscal year. The motion passed unanimously (4-0 vote).

On item no. 6, Commissioner Johnson made a motion which was seconded, to reduce the administrative fee of St. Mary's Physician Associates from $500 to $100 per month effective with August, 1986. The motion passed unanimously (4-0 vote).

8. OLD BUSINESS - NONE

9. NEW BUSINESS -

a. Authorization to attend the International Foundation of Employee Benefit Plans Annual Conference -

Commissioner Bernstein made a motion, which was seconded to authorize attendance of Board Members at the International Foundation of Employee Benefit Plans Annual Conference in Las Vegas, Nevada, November 14-19, 1986. The motion passed unanimously (4-0 vote).

10. EXECUTIVE DIRECTOR'S REPORT -

a. The Investment Report (Exhibit 'C') reflects that approximately $55,000 was collected in interest through July and that the average yield on pooled cash was 8.60%.

b. The outstanding claim count as of September 12th was 4,625 claims compared to last month's reported count of 4,596.

c. The Board of Education has made a decision to not subsidize AB-528 enrollees in the Health Service System. This issue has held up the mailing of the special September open enrollment materials to AB-528 candidates.

11. ANNOUNCEMENTS -

President Pro Temp Paretchan recognized Miriam Steinbeck, Retired Employees Association, who requested that the toll free telephone numbers for the health plans be provided to the them for communication to retirees. The Health Service System will provide that information.

12. ADJOURNMENT -

There being no further business before the Board, President Pro Temp Paretchan adjourned the meeting at 4:40 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE SEPTEMBER 16, 1986
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1986 through August 31, 1986

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$1,362,047	$1,797,810	148%	132%
Retired Employees (NM)	758,339	612,068	88	81
Retired Employees (M)	398,803	560,558	136	141
Adult Dependents (NM)	706,607	640,665	92	91
Adult Dependents (M)	79,600	74,464	108	94
Minor Dependents	266,812	354,842	163	133
TOTAL	$3,572,208	$4,040,408	124%	113%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 203,388	$ 186,819	87%	92%
Retired Employees (NM)	101,538	86,626	84	85
Retired Employees (M)	263,779	212,854	81	81
TOTAL	$ 568,705	$ 486,298	83%	86%
(3) VISION CARE COVERAGES				
Active Employees	$ 74,542	$ 87,052	112%	117%
Retired Employees (NM)	20,402	23,189	107	114
Retired Employees (M)	47,448	37,760	72	80
TOTAL	$ 142,392	$ 148,002	98%	104%
(4) ALL COVERAGES				
Active Employees	$1,639,977	$2,071,681	139%	126%
Retired Employees (NM)	880,279	721,883	88	82
Retired Employees (M)	710,030	811,173	111	114
Adult Dependents (NM)	706,607	640,665	92	91
Adult Dependents (M)	79,600	74,464	108	94
Minor Dependents	266,812	354,842	163	133
TOTAL	$4,283,305	$4,674,708	117%	109%

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HEALTH SERVICE SYSTEM
SCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 14, 1986, - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, President Gaggero, Commissioner Johnson, Vice President Katz, Commissioner Krueger, Commissioner Paretchan, Commissioner Walker

4. Minutes of Regular Meeting of September 16, 1986, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Rates & Benefits Committee - R. Katz, Chair

8. Old Business

   a. AB-528 Special Open Enrollment

9. New Business -

10. Executive Director's Report -

11. Announcements

12. Adjournment -

Dist. 'C'

HEALTH SERVICE BOARD

October 14, 1986

The Minutes of this meeting are missing.

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - NOVEMBER 18, 1986 - 4:00 P.M.

The regularly scheduled meeting of the Health Service Board on November 18, 1986 has been cancelled.

The next full Board meeting will be held on Tuesday, December 9, 1986.

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HEALTH SERVICE SYSTEM
SCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - DECEMBER 9, 1986, - 4:00 P.M.

A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, President Gaggero, Commissioner Johnson, Vice President Katz, Commissioner Krueger, Commissioner Paretchan, Commissioner Walker

4. Minutes of Regular Meeting of October 14, 1986, submitted for approval.

5. Actuarial Report - Rael & Letson

   a. Monthly Actuarial Report
   b. 1985-86 Actuarial Report

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business

8. New Business -

   a. Kaiser Health Plan Strike Situation
   b. Quarterly Hospital Room Rate Survey
   c. Amendment of PMC Agreement

9. Executive Director's Report -

10. Announcements

    a. Resolution of Commendation on Retirement of Commissioner F.W. Johnson.

11. Adjournment -

Dist. 'C'

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Minutes

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - DECEMBER 9, 1986 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M. with President Gaggero, presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT:	Commissioner Bernstein	Commissioner Katz
	President Gaggero	Commissioner Krueger
	Commissioner Johnson	Commissioner Paretchan
ABSENT:	Commissioner Walker	

4. MINUTES OF REGULAR MEETING OF OCTOBER 14, 1986, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of October 14, 1986, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

   a. Monthly Actuarial Report

      Mr. Tito Rael, Rael & Letson, reported the Plan I claims experience through November (Exhibit 'A') reflecting an overall loss ratio of 104% with a L/R of 107% on the medical plan.

      Of the approximate $440,000 excess loss year to date, $295,000 is intentional interest subsidy reflecting actual excess losses of about $146,000 year to date.

5. ACTUARIAL REPORT (cont'd.)

b. 1985-86 Actuarial Report -

Mr. Juan Rael submitted the annual actuarial report to the Board for review. He highlighted the following points: 1) the contingency reserve as of June 30, 1986 stood at $3.35 million, or about half of the $6.75 million that we would like to achieve; 2) the rate of inflation over 2 years has been only 8% which is outstanding, and 3) the character of individuals covered under Plan I has shifted because of the comprehensive coverage provided by the PPO resulting in a higher risk population. After comment and discussion by the Board, the reports were ordered filed.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that seven appeals were scheduled and six were heard. He made a motion which was seconded that the recommendations of the Committee as reflected on Exhibit 'B' be adopted. The motion passed 6-0 vote.

7. OLD BUSINESS -

a. AB-528 Status Report - This item was continued pending receipt of opinions from the City Attorney.

8. NEW BUSINESS -

a. Kaiser Health Plan

The item was calendared because of a request by Northern California Joint Council of Service Employees No. 2 and a Board of Supervisors Resolution requesting the withholding of premiums paid to Kaiser and the provision of alternative services, where necessary, because of the Kaiser strike situation.

Testimony and documentation were received from representatives and members of SEIU Local 790, the S.F. Interns and Residents Association, the Kaiser Health Plan and Board of Supervisors.

The Board agreed to participate in a task force comprised of representatives of the Health Service System, SEIU, Kaiser and the Board of Supervisors to address the issues raised.

b. Quarterly Hospital Room Rate Survey - This item was continued.

c. Amendment of PMC Agreement

The hospital service agreement with PMC requires amendment to include obstetrics and pediatric services which will be provided by PMC starting December 1, 1986.

Commissioner Paretchan made a motion, which was seconded to approve the amendment to the agreement and adopt those rates recommended by staff (Exhibit 'C'). The motion was adopted unanimously (6-0 vote).

9. EXECUTIVE DIRECTOR'S REPORT -

Mr. Smith reported the following:

a. The Investment Report (Exhibit 'D-1' and 'D-2') for September and October were presented.

b. The outstanding claim count as of December 5th was 1,375 or about 2 days backlog.

10. ANNOUNCEMENTS -

a. Resolution of Commendation - President Gaggero introduced a Resolution (Exhibit 'E') commending Commissioner Johnson on his retirement and service to the Board and System. The resolution was adopted by the Board unanimously.

b. The Annual Board Meeting is set for Thursday, January 8, 1987.

11. ADJOURNMENT -

There being no further business before the Board, President Gaggero adjourned the meeting at 5:35 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

EXHIBIT "A"

REPORT BY ACTUARY FOR THE DECEMBER 9, 1986
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1986 through November 30, 1986

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$3,729,850	$4,484,714	123	120
Retired Employees (NM)	1,867,944	1,612,531	89	86
Retired Employees (M)	1,002,164	1,159,952	110	116
Adult Dependents (NM)	1,884,857	1,655,340	108	88
Adult Dependents (M)	201,015	205,571	99	102
Minor Dependents	725,135	940,184	120	130
TOTAL	$9,410,964	$10,058,293	111%	107%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 557,943	$ 490,218	91%	88%
Retired Employees (NM)	249,821	216,369	83	87
Retired Employees (M)	663,764	544,860	79	82
TOTAL	$1,471,529	$ 1,251,447	84%	85%
(3) VISION CARE COVERAGES				
Active Employees	$ 203,778	$ 232,576	109%	114%
Retired Employees (NM)	50,009	60,920	107	122
Retired Employees (M)	119,315	93,517	75	78
TOTAL	$ 373,102	$ 387,012	97%	104%
(4) ALL COVERAGES				
Active Employees	$4,491,571	$5,207,508	119%	116%
Retired Employees (NM)	2,167,774	1,889,820	89	87
Retired Employees (M)	1,785,243	1,798,328	96	101
Adult Dependents (NM)	1,884,857	1,655,340	108	88
Adult Dependents (M)	201,015	205,571	99	102
Minor Dependents	725,135	940,184	120	130
TOTAL	$11,255,595	$11,696,752	107%	104%

HEALTH SERVICE SYSTEM
BUDGET COMMITTEE MEETING
OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO

HELD AT

1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY, FEBRUARY 10, 1987 - 2:00 P.M.

BUDGET COMMITTEE

Abraham Bernstein, M.D.
Harry Paretchan
Joseph A. Gaggero, Jr.

A G E N D A

ITEM NO. 1 - Proposed 1987-88 Administrative Budget